

SMALL BUSINESS  
ADVISORY COMMITTEE  
ON VETERANS BUSINESS AFFAIRS

Wednesday, February 11, 2009

Small Business Administration  
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## 1 P R O C E E D I N G S

2 MR. WYNN: I'm pleased to be with you. I'm  
3 passing around some of the notices of the Vet Force,  
4 which is a two-sided document. It gives you a little  
5 information about the mission of the Vet Force. On the  
6 other side there's a notice about our upcoming Vet  
7 Force meetings for this month.

8 I won't take much of your time, but I do  
9 appreciate having the opportunity to come before you  
10 today. I was here yesterday as well. Let me just say  
11 good morning to everybody, to the committee, Bill  
12 Elmore as well, other members, guests, and also I know  
13 the new administrator is not here but I would just like  
14 to say welcome to the new administrator, Ms. Karen  
15 Mills.

16 Some of you know me and some of you don't.  
17 Some of you -- but I won't go into a detailed bio. Let  
18 me just simply say that for the past -- I'm an Air  
19 Force veteran from the Vietnam era. I've been working  
20 with veteran services and assistance for 20 years now.

21 I serve as the legislative liaison for the National  
22 Association for Black Veterans headquartered in

1 Milwaukee Wisconsin, and I'm stationed down here in  
2 Washington, D.C.

3 I wanted to take this opportunity to meet the  
4 new members of this committee. I have been coming to  
5 these meetings whenever possible over the past few  
6 years. Also I wanted to meet with the old members as  
7 well and to listen to some of your views and concerns  
8 and have an opportunity to express some of mine to you.

9 This is as we know a new administration in  
10 here, in our country and the nation's capitol and so  
11 forth, and this new administration offers an  
12 opportunity for change. We've been hearing that word  
13 change for the past year or so and we're still hearing  
14 it. The reality is that it is an opportunity for  
15 change. We've got new congressional members, new  
16 members in the Cabinet. There's -- I mentioned we have  
17 a new SBA administrator. We've got new persons in  
18 these federal agencies, in the small business offices,  
19 who have direct impact on our veteran small business  
20 programs.

21 So there's an opportunity for a lot of  
22 change. We have to reach out and try to get to know

1 the new people coming in, some of whom aren't even in  
2 place yet. There's also a lot of talk about an  
3 economic stimulus package, billions of dollars,  
4 billions. I've never heard the word billion so much in  
5 the past few months. We have been pushing, scraping,  
6 advocating for just millions for the few years that  
7 I've been around and most times we've been told we just  
8 don't have it, there's just not enough money. Now all  
9 of a sudden there's billions flowing.

10 Well, is some of those billions going to get  
11 to our veteran business owners? That's what I'm hoping  
12 that this committee and others like it will concern  
13 itself with, finding out ways to get some of that money  
14 to our veteran business owners.

15 We know that there are issues within the  
16 procurement system that we need to look at this year  
17 going forward, such things as contract bundling,  
18 contracting personnel shortages that make it difficult  
19 or cause contracting officers to want to if possible to  
20 get a contract out the door because their workload is  
21 just too demanding.

22 There's also -- we have to hopefully look at

1 noncompliance, those contracting officers, personnel  
2 and various agencies who know that there's a 3 percent  
3 mandate for service-disabled veterans but just aren't  
4 getting there. They just feel they don't have to  
5 comply. There's no enforcement.

6           So those are some of the things, some of my  
7 concerns that I'm hoping that you will also take note  
8 of. I will mention too with regard to this economic  
9 stimulus package, I know you know that the Senate  
10 passed their version yesterday and now it's getting  
11 ready to be reconciled between the two houses and I  
12 think Lou, Louis Celli mentioned yesterday he hadn't  
13 been hearing a lot about veterans in this package. I  
14 haven't heard a lot either. There is, though, a \$6  
15 billion military construction piece in there and  
16 there's also a \$1 billion piece for renovation of  
17 veteran, VA medical facilities.

18           What's not in there, at least not in there  
19 yet, are any guidelines or mandates to ensure that some  
20 of that work, a significant portion of that work gets  
21 to veteran business owners. I mean, at the bottom, at  
22 the least 3 percent minimum to get to service-disabled

1   vets because that's already on the books, and I would  
2   say 5 percent should go to veteran business owners. So  
3   keep that in mind.

4               There's also of course -- we heard a  
5   presentation yesterday about lending, you know, finance  
6   capital markets and credit, always an issue and of  
7   course it's more of an issue now not only for veterans  
8   but for all small business.

9               Since we do have new members here on the  
10   committee I don't know much of a chance you've had to  
11   go over some of the history, but I'm going to give you  
12   like a two second, just a historical summary of the  
13   small business movement for veterans in five lines.  
14   Public Law 106-50, August 1999. Public Law 109-183,  
15   December 2003. The Executive Order 13-360, October  
16   2004. Public Law 109-461 specifically directed to the  
17   Department of VA only, December 2006. Public Law  
18   110-186, February 2008, and there's been some mention  
19   of that one in particular here just yesterday.

20              Those five are probably the main five laws on  
21   the books, including the Executive Order, that complete  
22   the history of where we are and we started with this

1 whole veterans movement. I'll point out too as I'm  
2 sure all of you are aware 106-50 created the SBA  
3 veterans advisory committee. Then 110-186, again I  
4 think as Bill mentioned yesterday, that law made it  
5 permanent now that you guys, that this committee will  
6 continue until another law says otherwise.

7 I'll mention too that the original -- I noted  
8 that the original mission, goals and objectives of this  
9 committee did not change under 110-186, it just made it  
10 more permanent. I'll point out too that this committee  
11 from our view, my view and the view of other veteran  
12 advocates that oversee the implementation of this  
13 legislation view the language of this committee as  
14 being independent to then advise the office of veterans  
15 business development here but also to advise Congress,  
16 the President and other policy makers. So it's not  
17 limited in our view according to the language to just  
18 the office of veterans business development.

19 Let me quickly just say too that some of the  
20 key stakeholders that have been involved since the  
21 beginning and the history of this movement, SBA of  
22 course, VA a key player, Department of Labor,

1 Department of Defense, and of course there was the  
2 creation of the National Veterans Business Development  
3 Corporation, better known these days as TVC, and of  
4 course we heard a presentation from the new president  
5 yesterday.

6           Those are some of the key federal  
7 stakeholders. The purpose of all those stakeholders in  
8 this legislation is to provide small business  
9 development and entrepreneurial assistance to our  
10 veteran business owners, establish a clearinghouse to  
11 collect and distribute information to veteran business  
12 owners, to keep us informed about programs not only  
13 offered by the federal, but veterans business programs  
14 that are out there that are offered by the state and  
15 local governments as well as in the private sector.  
16 Training, education and counseling, we need to know  
17 about that. Somebody needs to be collecting that and  
18 there should be a point of reference where veteran  
19 business owners can turn to to find what they need. Of  
20 course access to capital and financing, that's a given.

21           There was this thing about establishing and  
22 maintaining a network of veteran business assistance



1 centers in the legislation. That was tasked to TVC and  
2 as we know there's been some challenges over the years  
3 unfortunately with them getting those business centers  
4 up and running properly. We have some in existence  
5 thanks to the individual efforts of those persons who  
6 are running those centers. We need to continue to try  
7 to see if we can get resources to those centers,  
8 particularly in light of the reality that TVC may not  
9 as we heard again yesterday, may not be the resource  
10 for those independent centers.

11 Now we do know too that there's five business  
12 resource centers up and operating under the office of  
13 veterans business development, but we would also like  
14 to be kept informed of the progress made of those  
15 centers as well as the independent centers. At any  
16 given time it would be helpful for veteran business  
17 owners to be able to access information regarding those  
18 centers, the progress and performance information of  
19 any of those centers, how many veterans are being  
20 served at those centers, how many veterans are counted  
21 as being counseled at the center, but then also how  
22 many veterans are getting into business after having

1 participated in center programs. So we would like to  
2 know that.

3           Some of the concerns, the concerns I have and  
4 as speaking also from the collective views of some of  
5 the other members of not only my association but the  
6 veteran entrepreneurship group, millions of dollars  
7 being squandered. Of course, you know, that's not a  
8 happy picture. We know that in some instances, and I'm  
9 not just speaking about one particular program, I'm  
10 speaking throughout the federal bureaucracy you might  
11 say, there's been a lot of dollars lost that could have  
12 done a lot more for our veteran business owners.

13           I just mentioned about some of the difficulty  
14 in accessing resources and information. There should  
15 be more of a centralized location to access. I refer  
16 you also to a GAO report that was published October 15,  
17 2008, and particularly for those new members to the  
18 committee if you have not been privy to that report it  
19 is a public report and I ask that that be shared in  
20 your -- it's in your folders already? Oh, great,  
21 wonderful. Okay, great. You're on top of it. I  
22 appreciate it.

1           That is a government report. The persons  
2   that collected the information actually came around to  
3   many of the VSOs and veteran small businesspeople and  
4   then they went also to the other side, to the federal  
5   agencies, to collect information to really put it all  
6   together and see what's being done, where the gaps are.

7           Who will be the veteran advocates going  
8   forward? The veteran service organization have been  
9   around for a long time and they're not going anywhere.

10   Now we know that traditionally the veteran service  
11   organizations have advocated for veteran healthcare,  
12   benefits, transitional housing for homeless veterans,  
13   job training, employment. All of those have been the  
14   primary mandates and still are of most veteran service  
15   organizations, but over the past few years because of  
16   this veterans entrepreneurship initiative, because some  
17   of us even in this room have been getting out and  
18   advocating on behalf of veterans who were interested in  
19   starting or expanding their own small business, we now  
20   have veteran service organizations such as the American  
21   Legion, the Vietnam Veterans of America, the Veterans  
22   of Foreign Wars, and of course our National Association

1 of Black Veterans who have now small business programs  
2 within their organization.

3           The Vet Force, the Elite Disabled Veterans  
4 Business Enterprise Organization, NIVOVA we've been  
5 hearing about, you know, we've got this veterans  
6 magazine that's been out for a while. That magazine by  
7 the way has been very helpful in collecting information  
8 from the veteran community, the veteran business owners  
9 and from the federal agencies.

10           The handout that I circulated regarding the  
11 Vet Force, when you have an opportunity there's the  
12 mission statement there. I think you should be aware  
13 of the goals -- not aware -- the Vet Force is an open  
14 group, just like if we formed a task force and who  
15 wants to be on it. That's pretty much what the Vet  
16 Force is. It's not a closed organization and you've  
17 got have no special permit to get in. It's where we  
18 try to have an open dialogue, and you'll notice on the  
19 other side the next meeting is Thursday hosted by the  
20 VA and the Center for Veterans Enterprise. We try to  
21 get a different agency now to host the meeting each  
22 month so that we can get them, have them -- give them

1 an opportunity to present us in the veteran community  
2 what they are doing or would like to do with regard to  
3 veterans contracting from their agency.

4 We are also reaching out more this year to  
5 get more prime contractors to host small business  
6 forums with our veteran business owners. We would like  
7 them to present on what their requirements and needs  
8 are, and that way the veteran business owners will be  
9 right there up front to see what it is and what it  
10 would take to get contracts with those prime  
11 contractors as well.

12 So keep Vet Force in mind as well as other  
13 veteran service organizations and the other veteran,  
14 independent veterans organizations that are out here  
15 all advocating. I'm not so sure about the federal  
16 advocates. We know that the SBA, and I see Joe  
17 (inaudible) back there, SBA has an office of advocacy  
18 for all small business and they've also I will have to  
19 say have been supporters of veteran business in terms  
20 of a couple of research studies they've done as many of  
21 you are aware. That has been very helpful in pushing  
22 the program forward.

1           Some of the federal agencies, you know, in  
2 terms of advocacy, you know, it's kind of iffy as to  
3 just how much they feel they can do because they're in  
4 the federal, you know, bureaucracy. So that's why I ay  
5 it's questionable about them serving as advocates, but  
6 we would like to try to identify champions within the  
7 agencies who are willing to push forth and put forth  
8 the extra effort for the veteran business owners.

9           In coming to my conclusion let me just say,  
10 okay, how can we achieve better results. One of the  
11 things, and I've got maybe four or five things that I  
12 just want to mention, implement laws that have already  
13 been provided, already passed. As I mentioned we've  
14 got five laws, four laws, and Executive Order that are  
15 already on the books, it's already passed. But how can  
16 we get them to fully implement these laws?

17           109-461 passed in December 2006. We're  
18 sitting here today in February '09 and it's not fully  
19 implemented yet. Regulations have not been fully  
20 implemented yet.

21           110-186 we spoke some, Bill spoke some  
22 yesterday. That passed February '08. It's still not

1 fully implemented. That's -- in that piece of  
2 legislation, and I'll mention also that it talked about  
3 an interagency council. The connectivity and  
4 communication, intercommunication between agencies is  
5 vitally important to the advancement of the veterans  
6 entrepreneurship initiatives. I'm talking about in the  
7 federal sector if we got everybody on the same council  
8 represented I think it would help. If you also note in  
9 the GAO report it was their conclusion that it would  
10 help tremendously also, and in addition including the  
11 VSO representatives so to ensure that the information  
12 is getting out to the broader veterans community.

13           Accountability, outreach, more outreach, and  
14 this is where the VSOs have been tremendously helpful  
15 because the things that are decided within the federal  
16 agencies, the VSOs who are already out here in the  
17 community, we are able to get that information back out  
18 there and get it to the folks who are doing the work  
19 right on the ground level. So -- even we had a couple  
20 of gentlemen back there yesterday saying he hadn't even  
21 heard of the Patriot Express loan program until just  
22 recently. Am I right? We're still running into folks

1     that haven't heard of various things within  
2     that -- some of us sitting in here we've been working  
3     with for years and we're like what, you didn't know  
4     that?

5                 Well, no. The information is not getting  
6     out. Some people don't know that there's an office of  
7     veterans business development right here that they can  
8     contact, come to, they can get contracting assistance  
9     as well.

10                So we've got to continue to help get the  
11     information out. So as you deliberate within your  
12     committee I'm asking that you give some thought about  
13     ways to improve the outreach, the communications  
14     outreach and continue ongoing assessments of these  
15     programs that exist now and any programs of course that  
16     you recommend that we start, put a mechanism in there  
17     for ongoing assessment.

18                Another quick point too because going forward  
19     some of the VSOs now we're already trying to put  
20     together additional legislative priorities to present  
21     to the new Congress. One of the things that constantly  
22     keeps coming up right now is because the



1 service-disabled veteran business program is a  
2 preference program mentioned alongside the other  
3 preference programs and the preference program most  
4 often heard of those, most heard often heard is 8A, HOV  
5 Zone, and women owned, and then you hear the word  
6 disadvantaged. Veterans constantly are telling us we  
7 do not want to be lumped into the label of being a  
8 disadvantaged veteran.

9           Veterans are coming, you know, in all walks  
10 of life, men, women, you know, some with low income,  
11 middle income, high income. It doesn't mean you're  
12 disadvantaged because you're disabled. That's the  
13 message we're trying to push forward this year to the  
14 public as well as to the Hill, that our veterans are  
15 not disadvantaged per se. Some may be, but the point  
16 that I'm trying to make and that some of us, you know,  
17 are concerned about, is that the service-disabled  
18 veteran program is a disadvantaged program. We want it  
19 to be recognized as a program such that because  
20 veterans have served their country in honor and trying  
21 to protect the freedoms of this country that that's why  
22 they were granted this preference in the small business

1 programs.

2           So there's also a concern and I guess some of  
3 you may be aware that the 8A program, HOV Zone  
4 programs, a couple of -- some of the recent decisions,  
5 GAO decisions, that have overturned a couple of  
6 contract set asides for service-disabled vets and went  
7 back to a HOV Zone program. There's also a Department  
8 of Defense case out there where a women owned program,  
9 8A program as well there was an issue with regard to  
10 whether or not they should still be considered  
11 disadvantaged.

12           So there's talk now at the Court of Appeals  
13 possibly even overturning that whole program about 8A  
14 being disadvantaged, but I'm not going to get into that  
15 now.

16           Anyway, in closing we should also hopefully  
17 try to find ways to expand the pool of capable and  
18 qualified veteran business owners. I still hear a lot  
19 of times folks out there, agencies as well as primes,  
20 you can't find enough, you can't find enough capable  
21 and qualified. We've been trying, we have been  
22 preaching for a couple of years about go to the

1 (inaudible) database. I know you had a briefing  
2 yesterday on that, so I'm sure you're well aware of the  
3 veterans business database, how it works, the  
4 potential, you know, that it can have on the whole  
5 federal government.

6 But the issue that is coming up right now is  
7 that the service-disabled vet program by law is still  
8 self certifying. A veteran business owner can indicate  
9 that they are a service-disabled veteran business  
10 owner. Of course you may need to prove that, but you  
11 don't need to prove that by being registered in the  
12 vetbiz.gov database if you are going after a contract  
13 in another agency. There's getting to be some  
14 confusion on that level. Within some of the  
15 departments, within some federal agencies, some  
16 service-disabled veteran business owners are getting  
17 some push back and questions as to whether they are  
18 actual service-disabled veteran business owners because  
19 they have not been certified in the -- or verified  
20 rather in the CDE database. That process, again I'm  
21 sure you've talked about it yesterday, is taking some  
22 time and it's going to take time.

1                   But anyway, so that's pretty much my  
2 concerns. I had a couple other notes but I think that  
3 you all are well aware of most of the other things.  
4 What will we do also? We'll continue as veterans  
5 advocates to try to identify the barriers and obstacles  
6 that are out there. I know there are some things we  
7 know that the federal agencies are going to be limited  
8 in doing, but we as veterans advocates who are out here  
9 interacting with all of the agencies we're going to try  
10 to bring to you information that we identify as being  
11 various obstacles. We're going to continue to try and  
12 identify resources and hopefully we can channel them  
13 into a central location.

14                  Facilitate matchmaking between the agency and  
15 the veteran. That we found -- we've found that that's  
16 proven to be real, very helpful because of the huge  
17 bureaucracy. Oftentimes it's helpful if there's an  
18 intermediary to kind of identify where the  
19 opportunities and then we bring the veteran, match them  
20 up basically you might say, to that opportunity.

21                  So that's pretty much it. I appreciate the  
22 time and the opportunity to share with each of you. As

1 I've said before, you know, I've been coming to a  
2 number of these meetings and we're still here, we're  
3 still pushing forward, still trying to make it happen.

4 MR. ADAMS: Paul Adams. One of the comments  
5 that you made was that all of the VSOs are working on  
6 programs to assist veteran businesses.

7 MR. WYNN: A lot of them.

8 MR. ADAMS: A lot of them are. We  
9 have -- you know, we've talked about the fact that the  
10 TVC was the business resource center that the SBA has.

11 My question is, actually two questions. Are you aware  
12 of any efforts amongst the VSOs to coordinate and  
13 (inaudible) kind of a standard of what services are  
14 being offered?

15 MR. WYNN: No. That's a good question  
16 because that really needs to be done, standards,  
17 baseline standards for services offered through veteran  
18 outreach centers. That would be real helpful.

19 MR. ADAMS: And my second question is would  
20 the Vet Force -- if we were able to start to develop a  
21 framework to set standards would the Vet Force  
22 participate in that, to help establish standards for

1 business outreach to veterans?

2 MR. WYNN: Yes, yes. I would say it in this  
3 way because again as I mentioned the Vet Force because  
4 it's made up of so many independent minded folks. I'm  
5 sure that could easily be presented to the Vet Force  
6 and I think most of the participants would be  
7 interested in supporting that. I'm sure that, you  
8 know, most folks would realize that that would be  
9 helpful. So, yeah, I would definitely be interested.

10 MR. ADAMS: Thank you.

11 MR. CELLI: Any other questions?

12 A PARTICIPANT: Good morning, Joe. Joe, one  
13 of the things I know that you've been working on and  
14 you are to be commended for the leadership you've  
15 provided within the Vet Force and indeed the broader  
16 veteran community, and one of the things you've been  
17 working on is the legislative agenda that Vet Force  
18 will carry forth. Do you have anything you can share  
19 with us on that or would you be able to provide us a  
20 copy of that we can see?

21 MR. WYNN: Yes. I didn't want to -- I didn't  
22 want to bog you down with going through that list. I'm

1 going to submit that I'm open for recommendations from  
2 any of you. As a matter of fact some of you have  
3 turned some things in. We also are asking for input to  
4 develop, you know, a list of priorities, stated  
5 priorities that we can then fine tune and present to  
6 legislators on the Hill. Of course this committee as  
7 well should be made aware of that.

8           So I will circulate that back to you, what we  
9 have, even if we haven't finished it we'll send it out.

10 But I will mention a couple of key things that we've  
11 been talking about for the past few years and the  
12 language about may versus shall. Most of you are  
13 familiar with that. Well, that's top on the list, if  
14 we can change that word from may to shall. We think  
15 that would go a long way to help alleviate or give  
16 those contracting officers that just don't feel  
17 comfortable with making the move until they're given  
18 direct guidance, may -- you know, well, anyway, I ain't  
19 going to get into that discussion.

20           But that's top on the list. The other thing,  
21 too, is still just playing fair, one to create a level  
22 playing field for service-disabled vets, 8A, HOV Zone,

1 not trying to -- there's still some vets that were  
2 talking about let's move service-disabled vets to the  
3 top. Well, yeah, I mean, you know, they probably  
4 deserve it and they need to be at the top, but the way  
5 things have been going with these contracting programs  
6 if service-disabled vets could just get a fair shot  
7 that would probably help to advance or increase the  
8 number of contracts coming out.

9           So those two things in particular are on the  
10 list. Like I said, I'll send the list around. We've  
11 probably got about 15 things on the list. We want to  
12 try to narrow it down to the top ten.

13           A PARTICIPANT: One additional question if I  
14 may. This issue of self-certification by service  
15 disabled veteran owned small businesses, we heard from  
16 veteran affairs yesterday about their verification  
17 program, and as you know that's for VA, the VA itself  
18 to use. It doesn't really cover other agencies. It  
19 covers only a certain category or two categories of  
20 contracting and procurement opportunities within the  
21 VA. What is your feeling about whether other agencies  
22 should insist on some certification, formal



1 certification process that SBDs go through as they bid  
2 for work?

3           One of the issues that I think (inaudible),  
4 you know, when you self-certify yourself that kind of  
5 leaves the door open to a lot of folks who really don't  
6 qualify as service-disabled veterans to come in. One  
7 of the concerns that's been expressed is that we need  
8 to control this or manage this, there needs to be a  
9 central place to do that. What do you think about how  
10 best to do that?

11           MR. WYNN: Well, we have supported the VA,  
12 the Center for Veterans Enterprise, many of the veteran  
13 business owners who thought it was good to have a  
14 veteran business database, and we still do. What,  
15 though, over the past year as I mentioned a little  
16 while ago, since we find that agencies or other  
17 agencies have also now began to informally rely on  
18 who's registered in that database and if they've been  
19 verified as to, you know, the validity of your being a  
20 service-disabled vet, now that concerns use.

21           The bottom line in my view and the view of  
22 some others is that we want to at least ensure that

1   you're a veteran or a service-disabled veteran and that  
2   you own the proper percentage of the company. The  
3   other detailed aspects of verification that some other  
4   organizations use for certification probably need to  
5   be, they continue to fine tune that but don't have that  
6   as the point at which, you know, you can't participate  
7   in federal contracting.

8               Let's make sure you're a veteran, a  
9   service-disabled veteran, do you own the business and  
10  the proper percentage. The bottom line let's move from  
11  there. That's something that, you know, we want all  
12  the federal agencies to reach out to veterans and not  
13  feel that, you know, this thing about rent a vet or  
14  people, you know, misrepresenting themselves. We don't  
15  want that to happen and we don't want agencies to feel  
16  like that there's a strong likelihood that that will  
17  happen.

18              So it's real easy for a veteran to present a  
19  copy of their DD214 or present a copy of your rating  
20  letter showing that you are a service-disabled vet, and  
21  then you have, you know, of course various business  
22  documents that show if you're the owner and the

1 percentage of ownership. So again we would like to see  
2 all the agencies at least do that much and  
3 continue -- I'm sure the CBE is going to continue  
4 working to fine tune the more expanded verification  
5 process.

6           Let me mention too, also in closing that it's  
7 clear that we've got challenges on what I see as two  
8 hands. One you've got business start ups, and that's  
9 where I see a lot of the veteran business resource  
10 centers coming in where you've got businesses who are  
11 trying to get out, I mean get out here and get started  
12 in business, and then you've got those businesses -- we  
13 run into a lot of veteran businesses that they've been  
14 doing business and doing business for years but not  
15 necessarily in the federal sector. So now they're  
16 trying to learn how to maneuver through the federal  
17 maze, the federal marketplace.

18           So we've got to look at assistance kind of on  
19 both ends. The other thing too is you've got a lot of  
20 persons who are interested in business but not  
21 necessarily interested in business in the federal  
22 government. So we've got to continue to remember that

1    there are a lot of folks that may want to do business  
2    right in their neighborhood, you know.  Which one of  
3    these centers can I call on to find out how can I start  
4    a Laundromat?  I want to start a car wash in my  
5    neighborhood, how do I do it?  Who do I call to do  
6    that?

7                   I think there needs to be more of that  
8    because this federal government contracting ain't easy  
9    for everybody, okay.  But you may be able to start  
10   something small in your neighborhood that sustains you  
11   and your family, and then later on if you want to, you  
12   know, grow and expand fine.

13                   But I'm not seeing enough of the support for  
14   the local mom and pop shop type thing in the local  
15   neighborhoods.  When we first started off some years  
16   ago here with this veterans initiative the SBA had  
17   actually published, we had furnished them some  
18   information and they published a pamphlet which showed  
19   about 25 businesses you could start for under \$25,000.  
20   That pamphlet has long gotten lost, but I still have  
21   it if anybody cares to see it.

22                   But those kind of things I think would really

1 be helpful in helping our veterans and their families  
2 across the board, not just trying to get into federal  
3 markets but into the local community.

4 Just one last point on the use of existing  
5 resources. It was also mandated in previous  
6 legislation that the small business development  
7 centers, score, should be reaching out more and helping  
8 veterans. I think even in the newest legislation,  
9 110-186, the SBDCs can even apply for additional grant  
10 money if they are going to expand their outreach  
11 services to service-disabled veterans. Well, let's  
12 utilize that, let's draw on that, let's, you know, put  
13 a little, put a little push on them to actually do  
14 more. While we are struggling with trying to develop  
15 veteran specific resource centers, let's put the push  
16 on the existing centers to do more for our veterans.  
17 I'm (inaudible) has a question I would be happy to --

18 MR. WHITE: Steve White. I just wanted to  
19 mention that Pat, myself, Bill were on the formation of  
20 the original task force for veteran entrepreneurship  
21 and have been on it forever. We are very fortunate to  
22 have a guy like Joe who came in and who has been

1 acting -- you've been treasurer now for how long?

2 MR. WYNN: About seven, eight years.

3 MR. WHITE: Yes. And he's the guy who has  
4 really helped pull this thing together and he's right,  
5 there's a lot of, a lot of fairly independent thinkers  
6 on the task force. Sometimes the meetings get pretty  
7 interesting, but the goal has always been the same,  
8 everybody's heart is in the right place. That's the  
9 reason that -- I don't get to all the meetings but when  
10 I can I do because it's, I feel like it's really one of  
11 those groups that's really trying to do the right thing  
12 such as this organization.

13 So I just wanted to publicly thank Joe for  
14 what you've done and do to help keep the thing  
15 together.

16 MR. WYNN: Thank you.

17 MR. CELLI: Thank you. First of all I really  
18 want to thank you for your comprehensive presentation  
19 because you have really made my job easier for this  
20 afternoon when we get into the -- oh, Louis, this is  
21 Celli. At least I didn't mention (inaudible).

22 You know, some of the things that you

1 highlighted are very important, like the growing and  
2 changing landscape within the veteran service  
3 organizations, within the work we do. You know, it's  
4 not stagnant and the veterans entrepreneur task force,  
5 the Vet Force, even they have evolved and, you know,  
6 have changed over the past couple of years.

7           One of the things that I wanted to  
8 specifically talk about just for a moment because I  
9 think that it's important that we're all on the same  
10 sheet of music was when you talked about the transition  
11 from our committee being, starting to become a  
12 permanent committee and that was a transition that we  
13 had some really tough dialogue about specifically  
14 because of the way that hand off occurred. Public Law  
15 110-186, I'm sorry in 106-50 we had a sunset clause  
16 that was supposed to fold us up underneath TVC.

17           The idea was that the SBA was kind of a  
18 temporary landlord and we were more of a national, at  
19 large group to be a source of advice and advocacy for  
20 the President and the Congress. It did talk about the  
21 administrator and Bill's office, but everybody kind of  
22 passed that off as, well, they had to do that because

1 SBA is our landlord, but ultimately we are, you know,  
2 kind of at the global scope and national level. When  
3 we became a permanent committee under the SBA we really  
4 had to say to ourselves is that still the primary focus  
5 and mission? Can we still kind of get away with saying  
6 we answer to the entire federal spectrum and that's  
7 really our marketplace or have we now become more  
8 focused on providing the type of advocacy directly to  
9 the administrator that the administrator can implement?

10 So in other words if we say we think DOD  
11 should change their rules and regulations, you know,  
12 legally and what type of authority do we have through  
13 our permanent status now as being an SBA committee,  
14 because that's essentially what we are now, you know,  
15 what type of authority do we carry with regard to  
16 making that happen aside from the recommendations that  
17 we will make through the administrator to Congress and  
18 the President and are we more effective if we  
19 concentrate at least in the short term future and  
20 immediately on those things that the administrator can  
21 directly influence? You know, where is our time better  
22 spent?



1                   So, you know, I completely hear the theme  
2   that you presented and logically that was a theme  
3   that -- you know, we're divided on this issue to be  
4   honest with you. We have to -- you know, we have to  
5   make sure that first of all our time is used, you know,  
6   with quality, you know, quality work. If we make a  
7   recommendation that Treasury say change new market tax  
8   credits, you know, because that's an issue we just  
9   talked about, and they say forget it, we're not going  
10  to do it, have we wasted all that time, you know. Or  
11  if we say, you know, hey, SBA it's important that we  
12  get subcontracting numbers from prime contractors, and  
13  that is your scope of responsibility, and that does  
14  affect other agencies but it comes within the  
15  jurisdiction and authority of the SBA, is our time  
16  really better spent putting that type of pressure on  
17  folks that we should have a direct influence over? Do  
18  you see?

19                   The only reason I want to make sure that I  
20  bring this up it's not only -- you know, because we  
21  would have to talk about this later anyway, but also I  
22  think it's important that the community

1 recognize -- you know, I don't want them to come back  
2 later and say, well, why didn't you say anything about  
3 DOD only being at 1, you know, less than 1 percent?  
4 You never addressed that.

5 Well, I mean, we could have addressed it but  
6 how much -- how much effect is that going to have over  
7 that when there are so many other things that we can  
8 directly affect today.

9 MR. WYNN: Let me just quick response.  
10 (Inaudible.) First of all John Garcia mentioned  
11 yesterday in his opening comments, you know, the  
12 committee is an advisory committee and at this point  
13 it's still an advisory committee but advisory committee  
14 around here can have strong voices.

15 But I think maybe you should recognize that  
16 in light of what has transpired and continuing to go  
17 down with TVC that the veterans community needs to be a  
18 part of that participation, particularly here in  
19 Washington, D.C. I think a lot of you probably are  
20 realizing that these VSOs are around here carry a lot  
21 of weight on veterans, any kind of veterans program, I  
22 don't care if its business owners, jobs, whatever.

1           If you try to do it in a vacuum without the  
2 VSO buy in -- now the nice thing about this committee  
3 half, almost half of the committee is supposed to be  
4 VSO representatives. So as long as you keep your mix  
5 going like that I think this committee has the  
6 potential to become a very strong voice, particularly  
7 in light of the fact that you don't really have another  
8 official body right now that's really speaking on  
9 behalf of, you know, this veterans federal procurement  
10 program initiative.

11           I do, though, would like to see within the  
12 next few months the start of the interagency council so  
13 that this committee then can interact with that council  
14 in addition to the VSOs so we can kind of get some  
15 things moving quickly. I'm hoping we don't lose a  
16 whole year simply because of this transition and the  
17 economic crisis of our country.

18           MR. CELLI: We've already lost a year. This  
19 passed a year ago in February.

20           MR. WYNN: Well, business is still going  
21 forward. We know that people, some people out here are  
22 still making money in spite of all of the sad stories

1 we're hearing in the media. We know that some people  
2 are making a ton of money, particularly some of the  
3 CEOs of some of these major corporations are walking  
4 away with millions of dollars in bonuses. So there's  
5 still some money floating around out here and the  
6 question is what can we do to continue to give veteran  
7 businesses a plug into that pipeline.

8 But I'm glad the committee now is permanent  
9 and I would like to see, you know, if it was possible  
10 that the committee met bi-monthly. Instead I think  
11 you're on a quarterly schedule.

12 MR. CELLI: (Inaudible) three times a year.  
13 We've bumped it up to quarterly.

14 MR. WYNN: Yes, yes. The more often I think  
15 the better because stuff moves so quick.

16 But anyway, thank you for your time and thank  
17 you for having me out here.

18 MR. DENNISON: Good morning. This is Scott  
19 Dennison. If I could just comment on your question  
20 that you asked Joe.

21 I think why this committee is so important is  
22 because you have the ability independent of anyone else

1 to make a report to Congress as to what you see as  
2 concerns and issues (inaudible). The fact that DOD is  
3 at 1 percent is of concern to this committee. I would  
4 say that should be in the report. Then you should  
5 recommend that Congress that they hold hearings for  
6 accountability.

7           The challenge that I think you've got is as  
8 long as it's based on fact you're going be okay. Bill  
9 and I have talked about this because in the beginning  
10 of this committee I know that SBA tried to put a  
11 mouthpiece almost on the committee and dictate what you  
12 said. I think what is important for this committee is  
13 to that you let the new administrator know that, yes,  
14 SBA is your vehicle from an administrative standpoint  
15 but you are an independent body.

16           I think that report to Congress that you do  
17 every year should be absolutely huge in raising the  
18 visibility, the accountability, all the issues that you  
19 want to address and then have Vet Force, and Elite, and  
20 all the other organizations behind it, that's a hell of  
21 a force.

22           MR. CELLI: I agree with you, Scott. This is

1    Louis again.  I think that, you know, now that this  
2    committee has -- this committee has matured incredibly  
3    over the past two years in an unbelievable way.  You  
4    know, maybe with the thought process of continued  
5    participation, you know, through the Veterans  
6    Administration, through Vet Force, through some of the  
7    folks that don't have an actual seat on the committee,  
8    you know, to be able to combine them in the report, you  
9    know, shows a very unified and powerful voice.  
10   So -- yeah, thank you very much.

11               MR. ADAMS:  Paul Adams.  My comment would be  
12   we actually -- we checked this out last year.  We are  
13   required to do an annual report and we can do an  
14   interim report whenever we want to.  So if for  
15   example -- and I agree completely with Scott said.  We  
16   need to bring into the committee people that -- that's  
17   why it's important to identify yourself because we're  
18   making a record and if we bring the Department of  
19   Defense in we should be able to ask them questions  
20   where there's a coherent record of the questions and  
21   why are you at 1 percent.

22               My feeling is we have very, very broad powers

1 and we bring in the Department of Defense and we ask  
2 them questions and you bounce them, their answers off  
3 of what the VA is doing, and then we issue an interim  
4 report to Congress and we say we just talked to the  
5 Department of Defense and they're not doing anything  
6 and they're not meeting their numbers and we think you  
7 should look into this. That's a separate interim  
8 report on that issue that we send to Congress.

9 Now should we do it all the time on every  
10 issue? No, but we should pick issues and we can do  
11 that and I think we should do that. That's one of the  
12 beauties of being permanent, they can't fire us, they  
13 have to change the law to fire us. We're here housed  
14 at the SBA. We pass our report through the  
15 administrator and off to the world. That's what I  
16 think we can do and that's part of our, the rest of our  
17 day in discussing the four year plan and everything  
18 else is what are we going to focus on, what are our  
19 priorities going to be and how are we going to make an  
20 impact.

21 MR. CELLI: Thank you, Mr. Wynn.

22 (Applause.)

1           MR. CELLI: Are you ready? Next we have  
2 what -- we did is we set aside time on the agenda so  
3 that members that have been members for a while and do  
4 work within the community if they wanted to to have an  
5 opportunity to present some of the programs that  
6 they're working on, which is why Ron really wanted to  
7 wait to conduct his introduction to the committee until  
8 today because he has a presentation that he wants to  
9 deliver, so Mr. Ron Miller.

10           (Discussion among participants.)

11           MR. CELLI: We're going to go ahead and start  
12 with Ron's presentation, so if I could have your  
13 attention please. Mr. Miller?

14           A PARTICIPANT Well, we're starting a  
15 presentation.

16           MR. MILLER: As John Garcia said the other  
17 day and as Bill knows I was involved several years ago  
18 with the original Vietnam veterans leadership program  
19 that was started in the early 80's. To give you a  
20 little bit of background on the leadership program and  
21 how it became a reality, there was Vietnam veteran in  
22 Texas named Tom Palkin (phonetic) and he started



1    networking with veterans there in the Dallas area  
2    actually at the corporate level. He ran across these  
3    people that had made a success of their lives and  
4    everything.

5                    When he was asked to form Action, which had  
6    at that time the Peace Corps, Foster Grandparents, and  
7    a lot of other agencies, he remembered that and when he  
8    came to Washington he actually walked through the  
9    Vietnam veterans leadership program with the  
10   administration and the Congress. It was funded and it  
11   was basically a four year plan. They didn't want  
12   another government agency formed so they said we'll  
13   give you four years and we'll fund you, and at the end  
14   of that period if you've made a success of it, you  
15   know, get your own funding and continue to march.

16                   So I was lucky enough to be asked to do the  
17   Georgia TVLP and I had just completed an interesting  
18   project. Believe it or not I leased an airplane.  
19   After I retired, I was a pilot for 20 years the  
20   military, and I was doing a little corporate flying out  
21   of Atlanta. I saw the information on the dedication of  
22   the Vietnam Veterans Memorial. So Delta Airlines being

1   headquartered in Atlanta I just stopped in one day and  
2   asked for an airplane and low and behold in three weeks  
3   I got one. I took about 300 Vietnam veterans to the  
4   dedication of the memorial.

5               As a result of that I was asked to form a  
6   leadership program there. Because I had met a lot of  
7   these Vietnam veterans I didn't have a whole lot of  
8   problems getting people involved. I had a superior  
9   court judge (inaudible) federal that went on the  
10  flight. I asked him to be the chairman of the board of  
11  directors. By the way, if you ever form a 501(c)(3)  
12  make sure you get a lawyer on board and a CPA because  
13  they're very helpful.

14              So we concentrated in two areas. We  
15  worked -- we decided to do employment and training and  
16  small business assistance. Back then the Department of  
17  Labor ran the jobs training partnership act and they  
18  are the ones that funded the employment and training  
19  programs. You had to apply for the grant. I think I  
20  ended up writing ten grants during the period of time  
21  that I was there. Every year you had to apply for the  
22  grant after we got through the initial four years.

1           But since you're a non-profit you could go to  
2   the corporate world and work with them, et cetera. We  
3   decided to concentrate on small business and I was very  
4   fortunate to find a man who was actually in the  
5   corporate world, a Vietnam vet, and he's a motivational  
6   speaker in leadership and management at some of the  
7   major corporations in Atlanta. He heard about this  
8   program and he came by and interviewed and wanted to  
9   know if we wanted to get involved in small business. I  
10   said yes, so we hired him.

11           They had a couple of meetings and decided  
12   that there was two things that the veteran at the  
13   grassroots level needs for small business. They need  
14   access to capital and they need information and  
15   training. So that's what we concentrated on and we  
16   came up with ten small business seminars. It ran from  
17   how to fill out the forms, the business plan, financial  
18   organization, accounting and financial planning,  
19   marketing and sales planning, franchise opportunities,  
20   how to buy a business part 1 and 2, sales strategies,  
21   and then how to be a small business CEO.

22           We had eight instructors. Six were combat

1 veterans and two were friends of a couple of those  
2 guys. It was very successful, but the thing that we  
3 ran into is we didn't have funds, you know, to rent  
4 facilities, we didn't have funds to do audio-visual.  
5 So one of the things we did is went to the small  
6 business development center at Georgia State  
7 University.

8           Of course you walk and explain your program.

9    They say you can't do that because we've got our plate  
10 full now. We said, well, all we really need is some  
11 facilities and maybe help a little bit in (inaudible).  
12 To make a long story short, they wasn't going to be  
13 able to help, which is understandable.

14           But we found out that the dean of the  
15 business school was a Korean vet and we met with him.  
16 They come under the purview of the business department  
17 of (inaudible) colleges and universities. He said, let  
18 me work on this. So he got the SBDC involved and we  
19 presented these classes at the universities and  
20 colleges in the local area at first and then we filmed  
21 them and we took it on the road to other places in  
22 Georgia.

1           In the 12 years that we operated this  
2   program, and I used another figure before but when I  
3   got ready to do this presentation I went into my files  
4   and pulled out this memorandum here. Back then we had  
5   direct loans, SBA direct loans. Then you had what we  
6   did, SBA direct, and then we did bank guaranteed loans.

7   That's another part, contact and work with the banking  
8   systems. I actually visited with the presidents of the  
9   banks.

10           In 12 years we captured over \$600 million in  
11   small business loans direct and bank guaranteed. You  
12   all mentioned the other day about national SBA awards.

13   In 11 consecutive years the instructors and the  
14   project managers captured 11 consecutive small business  
15   veterans (inaudible) awards and two of the national  
16   awards, not the same person but two different people  
17   got the national award.

18           The other area that we operated in was  
19   employment and training. Back then the Department of  
20   Labor had monies available that we could use to put  
21   people in formal classroom training and on the job  
22   training, and it worked perfect. One of our big

1 training courses that we ran -- that we didn't run but  
2 we got involved in was run by the school. These guys  
3 would come out there and they would standing in line,  
4 you know, to get them to go to work. It worked  
5 exceptionally well.

6 Fast forward a few years and I returned back  
7 to my hometown of Arkansas, in Jonesboro, and I  
8 remembered exactly what we had done in Georgia. So one  
9 of my first visits in early '05 was at the small  
10 business development center at the university there in  
11 my hometown. The individual was a -- he spent six  
12 years on active duty and retired as a lieutenant  
13 colonel in the National Guard, time served in Iraq.

14 So I talked to him about what we had done and  
15 he said, "Well, you know, we would love do it, you  
16 know. We've got our hands full like most other  
17 agencies do."

18 Then I saw where they had some funds that  
19 they were going to make available, and Bill talked  
20 about it, these grants. Since I had written quite a  
21 few and I asked him if he would be interested in  
22 applying for this thing and he said yes.

1           So to make a long story short, he applied for  
2   it and got a \$93,000 grant. I think they had  
3   (inaudible). It came to the main SBDC office in Little  
4   Rock that they tapped this individual in Jonesboro to  
5   run the statewide program, and Bill then gave them an  
6   additional person to do some of the work that he was  
7   normally doing. It has been a tremendous success.

8           So if you will look at the front page here  
9   you'll see what he's done in just a matter of months. I  
10   mean, it's remarkable really. That's the business he's  
11   in, but if you'll just briefly scan through the  
12   marketing outreach training on line, he's got distance  
13   learning programs, they've got a web portal that you  
14   can read a little bit more about in the second  
15   attachment there.

16           The adjutant general of the state got heavily  
17   involved in assisting him in this program. I don't  
18   have a lot of stats right now about how many people  
19   they've worked with, et cetera, but I can tell you that  
20   it's been very, very successful. They've done this on  
21   less than 100 grand.

22           Now I'm not here pushing SBDCs but you could

1    operate out of the SBA, you've got the state SBA  
2    program, you could do the same thing with them. You  
3    know, when a veteran gets out or when he wants to start  
4    a small business -- you know, I know we've spent a lot  
5    of time on procurement but he's not interested in that.  
6    He's interested in getting some money and he's  
7    interested in getting the training necessary to start  
8    this small business. If we could find a way to  
9    fund -- the lady that was in here yesterday said they  
10   had 63 state SBDCs. If you could fund all those SBDCs  
11   and give them one person to do this you would make a  
12   big difference and you could do this program nationwide  
13   with anywhere from 8 to \$10 million a year because  
14   there's structures in place and you don't have to do a  
15   lot of bricks and mortar and things like that. You  
16   just need to hire one individual.

17                    You could do it under the SBA or you could do  
18   it with the SBDC and give Bill a dedicated individual  
19   that works nothing but the small business development  
20   center, and you might want to give an individual up in  
21   the main office here, you know, if they needed another  
22   one. You know, they have an individual now that works



1 SBDCs.

2 But just a couple of months ago the  
3 individual who formed these leadership programs, his  
4 name is Tom Palkin as I said a while ago, well, he's an  
5 attorney and went back to Dallas and got into the  
6 corporate world again. The governor of the state of  
7 Texas asked him to come back to state government and he  
8 appointed him the commissioner of Texas Workforce. As  
9 most of you know probably a lot of the states now do  
10 not use Department of Labor, they use Workforce.  
11 Arkansas is Workforce, Texas is Texas Workforce.

12 Palkin used the same concept and set up his  
13 mostly employment and training, but also small business  
14 in the state. They hired 16 specialists and they're  
15 all Persian Gulf vets. He's got this program up and  
16 running quickly, no federal funds involved it's all  
17 state funds.

18 They passed out this thing the other day  
19 about the Patriot, the Express loans and how many have  
20 been awarded. Texas is number one simply because  
21 they've got people out there working. They concentrate  
22 on employment and training, but they also do small

1 business and they do a very good job.

2           We had an engineer battalion in my hometown  
3 that got activated, a Guard unit. We had an infantry  
4 brigade that's just now coming back in. This  
5 individual prior to getting this loan worked up a pre  
6 and post mobilization plan. I have it, you know, in my  
7 file on the computer so if any -- I've given a couple  
8 of them out, but if anybody wants a copy of that to  
9 take back with you, if your AG doesn't have a pre and  
10 post mobilization plan all you've got to do is change  
11 some of the information. It will be applicable to any  
12 state in the union.

13           What I thought I would do is let -- or I  
14 asked John Garcia who was one of the original VBLTs to  
15 talk a little bit about what he's done at his state  
16 with the SBDC and try to reinforce what we've put out  
17 here. So John --

18           MR. GARCIA: Sure, Ron. I didn't expect that  
19 but I would be more than glad to. The New Mexico  
20 Department of Veteran Services, as I stated earlier, we  
21 became a cabinet agency in 2003. Like Ron, myself, a  
22 few others we were involved early on with the Vietnam

1 Vet Leadership Program at the time when nobody wanted  
2 to do anything with Vietnam veterans, back in the early  
3 80's.

4 The Vietnam Vet Leadership Program, out of  
5 that came the Vietnam Vet Memorial Fund, of which Janet  
6 Scruggs (phonetic) has run, has headed up. We created  
7 the Vietnam Vet Wall that exists today.

8 Vietnam veterans raised their own money to  
9 build the Vietnam Vet Wall and we donated it back to  
10 the country. The country didn't build the wall for the  
11 Vietnam vets. We gave ourselves our own ragtag welcome  
12 home, as many of you were there. It was organized  
13 chaos, but it was our way -- we realized that there was  
14 nothing there for us.

15 What is different today, as Ron can tell you,  
16 is that there's a lot of support mechanisms in place  
17 because they're all being run by Vietnam vets now and  
18 we know what we didn't get and we want to assure that  
19 the veterans, men and women coming home today get what  
20 we should have gotten when we got back.

21 What was going on when we were organizing the  
22 Vietnam Vet Leadership Program, we didn't have the

1 support mechanisms like this type of committee and  
2 other committees or people on the Hill that wanted to  
3 deal with Vietnam veterans. But it has taken this long  
4 to get this, to make sure that my Iraqi, Afghanistan  
5 veterans have things in place for them. It's not about  
6 me, it's about this new generation of veterans.

7           So from that came this, and so when the  
8 governor asked me to come back on board to run the  
9 Department of Veteran Affairs for the state being a  
10 former secretary of economic development and former  
11 chief of staff for another governor and also running my  
12 company, it's Garcia and Associates, a business  
13 development, marketing, public relations, lobbying, I  
14 decided to run my organization like a non-profit and  
15 team up because it's about the money.

16           What I realized immediately was my  
17 legislative guys across the street had no idea what a  
18 veteran is or was. They cannot distinguish between  
19 military and veteran. When you talk about providing  
20 outreach and service for the men and women in the  
21 military immediately an image comes up of a young man  
22 or woman in a uniform, but when you talk about a

1   veteran it's a bunch of guys with hats on their heads  
2   with pins coming out on Veterans Day or Memorial Day,  
3   the old guard.

4               So when I went across the street to talk  
5   about, our legislative guys about our veterans they  
6   said, "Well, John, all they want is a bunch of license  
7   plates."

8               It's not that. To me Veterans Day is every  
9   day. It must be every day for each of you. Veterans  
10   Day is every day. It's not quarterly, it's not  
11   annually, it's every day.

12              So what I had to do was change the image of  
13   my veterans and the perception of veterans. What I'm  
14   talking about is the state grassroots level, which also  
15   it has to be taken to the national level.

16              So what I had to do is demonstrate to my  
17   legislative guys first of all who is a veteran in my  
18   legislative House and Senate. The same thing, asked  
19   the question over here. When our fathers got back from  
20   World War II they elected veterans in the House and  
21   Senate, governors and Presidents. The last president  
22   elected that was a veteran was Bush one. That's the

1 last veteran president we've elected.

2           So the perception across my street, and the  
3 same thing over here, was that I had only 13 members of  
4 the House who were veterans and 10 member of the Senate  
5 were veterans and not one combat vet. They didn't  
6 understand us. They don't even know who we were.

7           So I had to start to create an image of who  
8 my veterans were. So I had to let them know that -- in  
9 my state I have 200,000 veterans. Times six they vote.  
10 That's 600,000 votes times three, 600,000 votes. But  
11 also I had to demonstrate the economic impact my  
12 veterans have into the state. The same thing on the  
13 national level.

14           So my veterans generate in my state \$1.6  
15 billion of tax free revenue. I've got one service  
16 officer in the little town of Hobbs, New Mexico  
17 that -- one veteran service officer who brought in \$3.5  
18 million of tax free dollars, comp and pen, educational  
19 benefits, into the little community of Hobbs. That's  
20 an intel, one guy.

21           So when I started demonstrating to my  
22 legislative guys the economic impact they started

1    seeing a very different veteran picture of my veterans.

2    So with that I started changing and reorganizing our  
3    agency. Coming out of the private sector -- let me  
4    just say this. My mandate as secretary of veteran  
5    affairs, I don't know what a lot of your mandates are,  
6    but my mandate, your mandate, is to ensure that my  
7    veterans receive the benefits and services that they're  
8    entitled to, both federal and state, to ensure that I  
9    implement and initiate legislation at the state level  
10   that my veterans will receive -- free tax benefits,  
11   housing benefits, all kinds of stuff.

12               The problem is getting my veterans to file  
13   for those benefits, okay. So I've got to go and find  
14   you the veteran to get you to file for your benefits.  
15   So I would have a town hall meeting like a lot of us  
16   and I would get 100 veterans showing up with their  
17   jackets and hats and pins and they knew more about the  
18   VA than I knew. I would talk about vet biz development  
19   and they didn't care about that. They wanted their  
20   comp and pen and they were angry because the VA made  
21   them stand in line, okay. You know the guys, I've seen  
22   many of them, that kind of stuff.

1           So I kept trying to figure new ways to find  
2 my vets and it dawned on me that if I looked at  
3 myself -- it took me 30 years to file for my benefits.

4     The reason is because I was too busy working. I  
5 didn't have time to file. Not only that, but I didn't  
6 want to be looked at as a service-disabled vet. So in  
7 2000 I finally went to the VA and filed for my  
8 disability benefits and I'm a 70 percent  
9 service-disabled vet, only to realize all the benefits  
10 that I had lost, as a 70 percenter what my children  
11 could have had, okay.

12           So I've walked on that path of going to the  
13 VA and filing for my benefits and then realizing what's  
14 going on. So then I saw a conference that came up, the  
15 first conference in Las Vegas, New  
16 Mexico -- Nevada -- the service-disabled veteran  
17 business conference. We went to that conference, we  
18 were both there. They expected 400 and about 600  
19 showed up.

20           Immediately I listened to what Mr. Miller was  
21 talking about and everyone else was talking about, and  
22 being a grassroots guy what hit me was that they don't



1 know how to implement this at the grassroots level.  
2 They know what has to happen at the national level  
3 because here in D.C. this is a bubble and all we do is  
4 run back and forth across the street but we don't talk  
5 about how to implement things at the grass roots level  
6 and nobody has a clue or idea about how to do this.

7               So I went back to my state as secretary of  
8 veteran affairs and I said to myself, and being a  
9 private sector guy and being involved with all of this  
10 other background I know how to do it. So I held a  
11 veterans -- I went to the SBA and said are you aware of  
12 Public Law 108-186 and the Patriot Express loan, which  
13 I heard at the conference. The director, who is no  
14 longer there, says, "I don't know what you're talking  
15 about." I knew I was in trouble right then. I had to  
16 educate the SBA in my city and state what this Patriot  
17 Express loan was about and what the needs of my vets  
18 were, even though they have a veteran rep. That vet  
19 rep had no idea what the issues of veterans are because  
20 he's too bureaucratic. He doesn't belong to VSOs, he's  
21 not involved in any of the issues that's going on  
22 daily.

1           So as secretary of veteran affairs I met on a  
2   monthly basis with all my commanders. I provide the  
3   catalyst and the leadership for them and I listen to  
4   what they're doing. I'm not American Legion, DAV, VFW,  
5   I am the state director of veteran affairs and so I  
6   bring them all together.

7           Not only that -- so I met with the SBA and  
8   SBDC. I've got 25 SBDCs in my state and I have 25  
9   veteran service officers that are all accredited and  
10   trained to find my veterans and go out there and get  
11   them filed for their benefits, because if you don't  
12   file for that benefit, Public Law 108 it doesn't mean  
13   anything to you. If that Iraqi vet or a woman comes  
14   back and doesn't file for their benefits that doesn't  
15   mean anything to them. I've got to get them to file. I  
16   don't want them to wait 30 years like I did to file.  
17   If I had filed 30 years ago and they had this in place  
18   I wouldn't be sitting here because I would be sitting  
19   in my yacht somewhere making a ton money and enjoying  
20   my life, okay.

21           We didn't do that. We closed the door, went  
22   into our closet and came out 30 years later after 9/11.

1       The VA was inundated with Vietnam veterans.

2               So I came back from that conference and I  
3   held my first vet biz conference. I said where are my  
4   veterans at. I was surprised, and you came to my  
5   conference, I think we were both surprised, I had over  
6   400 veteran business owners show up to my vet biz  
7   conference. I was doing stand outs, I was getting 100  
8   veterans with the hats and pins just off the VA. Yeah,  
9   I'll help those guys, okay, but I had over 400 veteran  
10  business owners show up to my first vet biz conference.

11              I went to the SBA and SBDC and I did a  
12  memorandum of understanding. During the legislative  
13  session in front of God and everybody I did a  
14  memorandum of understanding signing ceremony where they  
15  agreed to support the Department of Veteran Services  
16  and the Department of Veteran Services agrees to  
17  support SBDC and the SBA.

18              So I created what I call VETPRO (phonetic),  
19  my veteran enterprise training program where the SBA  
20  provides the muscle and the forces to coordinate  
21  statewide conferences. I had veterans from around the  
22  country coming into our conference.

1                   So then we did a second one in Las Cruces,  
2 New Mexico. You came down to that. 400 plus veterans  
3 again showed up. So my service officers they're like  
4 getting hungry because there's veterans in the audience  
5 and every time I had a conference I asked how many of  
6 you belong to a veteran service organization. 80  
7 percent did not, for the same reason that I didn't.

8                   I asked how many of you feel you have a  
9 service disability. Over 50 percent felt that they had  
10 and never filed. So there's where I have to go to get  
11 them into that.

12                  So then I went to the SBDCs and we did a  
13 memorandum of understanding and I said, "Look, here's  
14 what I want you guys to do. I want you to conduct  
15 entrepreneur training for me," I said. So we  
16 contracted them to do entrepreneur training because I  
17 had the SAA, state approving agency, and our agencies,  
18 a lot of other states have them, we're the guys who  
19 provide the Montgomery Bill, make sure it works, make  
20 sure we get with the universities and its in the  
21 curriculum.

22                  So now I get them all certified, so my

1   veteran comes in and goes to entrepreneur training, an  
2   Iraqi vet, 16 week course, comes out and he's got a  
3   business plan. Now I get him into business. My  
4   veteran that's never filed who was a combat vet,  
5   Vietnam, construction guy, never filed, I get him a 70  
6   percent disability and the next thing you know I've got  
7   him a contract.

8               Case in point, a guy named Doug Craft comes  
9   into my office to file for his benefit to get a license  
10  plate. I'm talking to Doug and I said, "Doug, have you  
11  ever filed -- what do you first of all," I said.

12              "Well, I've got a janitorial company."

13              "Really. How much do you do a year?"

14              He said, "I do a hundred grand year." You  
15  met Doug Craft.

16              I said, "Have you ever filed for your  
17  benefits?"

18              "No, I just want to get my license plate."

19              So I explained to him Public Law 108. I get  
20  him to file. It takes me four months to get the  
21  certification through the VA. I then help him get a  
22  contract, a federal contract. Once he got a 0 percent

1 disability he gets a \$1.3 million contract in Denver,  
2 Colorado. Do you know what Doug is doing now after  
3 four years? 5 million a year.

4 Then we got him to create a holding company,  
5 okay. We got him to create a holding company where in  
6 his holding company he brings in a tree removal  
7 company, a landscaping company, and his janitorial  
8 company. These two aren't veterans, but he goes after  
9 an Interior contract to remove dead trees from the  
10 Santa Fe Forest. It's working, guys.

11 So out of that I went ahead and hired a  
12 gentleman who's got a lot of experience, 20 years in  
13 the business community, Air Force gentleman who  
14 understands the business, and I create my veteran  
15 business resource office that I fund. I've put funding  
16 into that and I hired Lloyd. He is now doing all the  
17 outreach and partnerships with the Chamber of Commerce,  
18 SBA, SBDCs, anybody and everyone, and the State of New  
19 Mexico knows that the Department of Veteran Services is  
20 the spokesperson for veterans in business.

21 The thing is I know have my governor and the  
22 legislative guys behind me on this. So I'm accountable

1 and what I'm hearing is who is accountable to who right  
2 now. I'm accountable to my community and I'm  
3 accountable to the taxpayers of the State of New Mexico  
4 on the funds that I get to run this office. This thing  
5 is working. Not only are we helping people go and get  
6 contracts, we're creating jobs. We've created over 450  
7 jobs already out of this thing.

8           We've done four so far as statewide, veteran  
9 business conferences, each time over 400 new veteran  
10 business owners show up. I'm not saying we're a model,  
11 there's a lot of models out there, but let me tell you  
12 what I think one of the weak points are is that I was  
13 past chairman of an organization called NASDVA,  
14 National Association of State Directors of Veteran  
15 Affairs. The states need to be engaged in this. My  
16 counterparts need to be engaged, yours, you know, all  
17 of your states. I would ask each of you, do you know  
18 who your state director of veteran affairs is? If you  
19 don't they're not engaged.

20           When I went and met with NASDVA I asked how  
21 many of you are involved with Vet biz development,  
22 because my feeling is this, if a man or woman is

1 willing to defend this country, the constitution, and  
2 willing to die on the front lines then they ought to be  
3 on the front lines when it comes to business  
4 development, housing, employment, education, all of  
5 those things. We've earned it.

6           You recall about 20, 30 years ago the SBA put  
7 \$40 million out because they put us in the class of  
8 minorities. I don't know what happened, nothing  
9 happened out of that deal. So here we come back again.

10           You know, I was involved with this 8A  
11 program, the minority program for blacks, Hispanics,  
12 women, everything. The model is already there and they  
13 feel threatened by this program because we're going  
14 after that pie right now. They're doing everything  
15 they can in our state to counter everything we're doing  
16 to get my veterans up front. We're a minority group.  
17 We don't realize that, but you white guys I'm sorry  
18 you're a minority group right now, man. Veterans are a  
19 minority, okay. The only color we know is green and I  
20 don't care if you're Hispanic, black, white or  
21 whatever, we served the same flag, wore the same  
22 uniform, and that creates this new minority of business



1 development.

2 I used to run the Hispanic Chamber of  
3 Commerce in Albuquerque and we were recognized twice as  
4 the top chamber in the country. When my guys would  
5 come in for whatever reason they forgot how to be  
6 businessmen. I think what we need to do here is  
7 remember that -- I mean, we are trained by the world's  
8 greatest country to do things that no one else has ever  
9 done and then we come back and we forget how to do that  
10 again.

11 When we had our third conference in Vegas I  
12 spoke there and afterwards they came up to me, Miller  
13 and a lot of others and said, "John, these guys want to  
14 talk to you."

15 I said, "All right." I thought maybe 50  
16 people were going to show up. There were 500 that came  
17 into the room. Out of that they wanted to create a  
18 national entity of some sort to be the spokesperson and  
19 they created this National Veteran Business Trade  
20 Association that you had talked about that Mr. Ramirez  
21 (phonetic) is chairing that?

22 A PARTICIPANT: Well, there's a couple of

1     them.

2                 MR. GARCIA:  There's a couple.

3                 A PARTICIPANT:  I think the one that's gone  
4     the furthest is the Elite Network.

5                 MR. GARCIA:  The Elite Network.

6                 A PARTICIPANT:  (Inaudible) the chapters.

7                 MR. GARCIA:  And there's a lot of them out  
8     there.  But I think we're looking for someone to grab  
9     the flag and say follow me, here's what we want.  
10    There's all these groups coming together.  It's all  
11    part of I think the process and you've been seeing it  
12    everywhere, Scott.  It's happening.

13                This can be a very strong body to make it  
14    work.  I know in my state what we are doing with Lloyd  
15    it's working for us.  We've become a catalyst in our  
16    state.  My funding, every year I go after funding.  I'm  
17    asking for more funding this year.  I think for me it  
18    works in my state, and it may not be a model for you  
19    but it works for me.

20                I think the biggest thing, Scott we've talked  
21    about it before, it's the state directors of veteran  
22    affairs have got to get involved.  I would love to see

1 the SBA or Commerce fund the states to do best biz  
2 outreach. You know, I'm concerned why isn't Commerce  
3 here?

4 Scott, in Commerce they have the MBDA,  
5 Minority Business Development Agency, that does  
6 business development and also tries to make jobs. Why  
7 isn't that happening? You know, that's what I'm  
8 concerned about is where do we move this thing to. But  
9 I think what we have, along with Georgia and other  
10 states, is -- if I get my state directors involved in  
11 this thing I really think that's a key, Louis, is  
12 they've got to get engaged in this process and have  
13 funding go to the state directors to reach out because  
14 I have to answer to my legislative guys. They want to  
15 know how is my vet biz office doing, how is it working,  
16 how many jobs are we creating, how many vet businesses  
17 are we assisting.

18 So I didn't expect to say anything like that  
19 but I can go on and on with these funds.

20 A PARTICIPANT: Well, you fooled me.

21 A PARTICIPANT: Two programs that could be  
22 replicated just like that.

1           MR. GARCIA: Absolutely, absolutely. I think  
2 we have models.

3           A PARTICIPANT: From an active (inaudible).

4           MR. MACKRELL: I think a lot of the  
5 issues -- Pat Mackrell. From our point of view as a  
6 source of capital, you know we fund many veteran loans,  
7 many small -- all we do is small business loans. The  
8 veteran community has been dis-served due to the  
9 multiplicity of organizations. Many of them are simply  
10 shells for -- and they serve veterans, but usually it's  
11 one veteran and his wife that get served because  
12 they're the executive director of the organization and  
13 they're pretending to do this and pretending to do that  
14 and seeking funding. So it's like babble with no  
15 interpreter.

16           When you affiliate yourselves -- you know,  
17 the SBDC model is something that is easy replicable.  
18 They go into the banking communities with existing  
19 support. They're well respected for their ability to  
20 develop business plans. What they lack is funding and  
21 focus on veterans issues. So rather than create, you  
22 know, or continue to take X number of this pot of

1 dollars and whack it up in all sort of insignificant  
2 ways and give it to states, and give it to this, and  
3 give it to that, focus funding on the SBDCs and focus  
4 accountability on SBDCs who serve the veteran  
5 population. Take advantage of the fact that they have  
6 the SBDC relationship preexisting with the SBA. They  
7 have expertise in business counseling from start up, to  
8 early stage, to mature businesses. They have  
9 credibility in the banking community, because that's  
10 where the banks are sending the start ups that come to  
11 them with these business plans. They have credibility  
12 generally in their state legislatures because they're  
13 getting some funding through the legislatures or the  
14 state university system. They have credibility with  
15 the SBA for money, and there's a good way to go  
16 backtrack to figure out what they're doing with the  
17 money rather than try to figure out, you know, \$100  
18 million here, a \$100 there and what the hell have you  
19 got at the end when you haven't even got anybody  
20 watching.

21               So I really -- you know, if you hadn't talked  
22 about the SBDC model that certainly was something that

1 I would have talked about I'm glad that you had the  
2 example. You know, that's (inaudible) in New York is  
3 that SBDC model. It's -- you know, clearly they need  
4 to be engaged with the state veterans organizations.  
5 Clearly they need to use their influence on the state  
6 to expand MWVE certification to MWVDP certification.  
7 I'll just make a (inaudible).

8 But they have all those existing  
9 relationships.

10 MR. GARCIA: You're absolutely right. What  
11 we've been able to do because of our memoranda of  
12 understanding is that I can call my SBDC director into  
13 my office and form partnerships and also hold him  
14 accountable. The state director of the SBA, we meet  
15 regularly and this three pronged partnership is working  
16 for us in our state. Can I use more funding? Yes, but  
17 I have to demonstrate to my legislative guys that this  
18 is working and I'm going after more funding this  
19 session to increase this and continue the outreach.

20 Lloyd might want to add a few things to it,  
21 but I just think it's real important this partnership  
22 with the states. States to me are extremely important

1 on what we're doing to the outreach because if my VSOs  
2 aren't informed and trained to find my veterans or that  
3 young Iraqi veteran, Afghanistan veteran coming back  
4 and getting them to entrepreneur training or get them  
5 filed for their benefits and not have them wait 30  
6 years to find out that they qualify, I've got to get  
7 them going now.

8           One other case in point I want to tell you  
9 that's very important for us. We did a survey of all  
10 the institutions of higher learning in our state, and I  
11 was telling you this yesterday. I've got 30,000 plus  
12 Iraqi, Afghanistan veterans back in our state. Since  
13 2002 2.5 million have gone to Iraq. 1.5 million have  
14 gone to Iraq, 900,000 have been discharged. 30,000 are  
15 in New Mexico right now.

16           So we did a survey of all the institutions of  
17 higher learning to see what's going on, where my  
18 veterans are. We only found 3,500 enrolled in all of  
19 the institutions of higher learning. I don't know what  
20 it would be in your states, but 3,500. If I was to  
21 assume that those 3,500, and I know they're not, were  
22 all OEF, OAF vets, that means I got about 26,000 not

1 going back to school yet for whatever reasons, and we  
2 all know what some of those reasons may be.

3 So I've got to now get my universities to be  
4 veteran friendly, to offer core courses on PTSD,  
5 accreditable courses in the psych class, but what I'm  
6 also reaching out, we're putting our vet biz offices on  
7 campus and also doing outreach. The key is I've got to  
8 find my vets. They're not coming in. The OEF, OAF  
9 guys, I don't want them to wait 30 years.

10 My Vietnam vets, what are we in our late  
11 60's. Then you've got Korean vets in the 70's and  
12 World War II. I mean, you know, so it's these guys  
13 we've got to find and I've got to get them to file for  
14 their benefits so we can put this together for them.

15 So I just think there's a tie between SBDCs,  
16 the veteran service officers, not the VSO veteran  
17 service groups.

18 A PARTICIPANT: My point, John, is are you in  
19 your state running state programs for veteran business  
20 training?

21 MR. GARCIA: Yes.

22 A PARTICIPANT: That are separate and apart



1 from what the SBDC runs?

2 MR. GARCIA: No, we're linked to them.

3 A PARTICIPANT: Who pays for those, does the  
4 state pay for those --

5 MR. GARCIA: The states does.

6 A PARTICIPANT: -- the SBDC or a combination?

7 MR. GARCIA: Well, SBDC has their funds, I  
8 have mine, and SBA has theirs and we team up. That  
9 teaming is -- everyone is getting a bigger bang for the  
10 buck.

11 A PARTICIPANT: And that's --

12 MR. GARCIA: Yes. I'm making John  
13 Woosley -- I'm making John Woosley look good. He's  
14 making me look good. Roy Miller, SBDC, we're all  
15 working on this because we're all after the same thing.

16 Before I would ask Roy, "Have you ever  
17 tracked how many veterans?" He really hadn't. He's  
18 doing it now because we're holding him accountable for  
19 it.

20 John Woosley has a slot open right now in the  
21 SBA for his vet guy and I'm saying let me be part of  
22 that interview. He says, okay.

1           So we're teaming up on this thing and that's  
2    why I think it's working for us, it has to be that way.  
3    SBDC is a targeted group. Now you work the SBDCs,  
4    right? Yeah.

5 MR. SHAQUIN: Jason Shaquin. So I've got to  
6 just respond. The first thing you talked about was  
7 creating a different perception about veterans. You  
8 know, that's something that we've tried to do is create  
9 a lot of awareness in our state. The other thing I  
10 hear you saying is state cooperation. What do you do  
11 in the -- and I think what we're talking about and what  
12 we've been saying even yesterday and today is  
13 collaboration, coming together, working together.

14           You know, I shadowed the state director of  
15   the Minnesota Veterans Resource Center project for a  
16   while. I saw what was incredible cooperation. It came  
17   from the top down. It sort of -- they set that stage  
18   and people started to come together and work, and then  
19   it just snowballed, like it's going. I'm sitting here  
20   in my seat reacting to what you're saying because I'm  
21   like we want to be there.

22 But how do you -- how do you get to that

1 point if -- you know, we just had a discussion a little  
2 bit and I don't think there's that support in our  
3 state. There's a lot of problems right now and we're  
4 doing it on a grassroots level. We did try to get a  
5 space at our university and get some cooperation from  
6 the university. It didn't happen that way, so we moved  
7 out into the community. We have a unique model and I  
8 think we're going to be able to offer something in  
9 terms of how to connect with the veterans, our model  
10 is.

11 I'll say we'll change our name, we'll  
12 collaborate like with the, you know, with the other  
13 programs, the SB -- what is it called, SBDC or --

14 A PARTICIPANT: Yes, the SBDC.

15 MR. SHAQUIN: Yes, the SBDC. I mean, we can  
16 integrate that really well into our organization I  
17 think.

18 But my question is is how can this committee  
19 really set that tone, how can we for these states that  
20 aren't as cooperative or aren't recognizing what  
21 veterans can do for their state? Like for instance  
22 I've been hearing -- this is something that I'm set on.

1     To this day we still don't capitalize the word  
2     veteran. I do in every correspondence, and in fact the  
3     university told me one time you can't do it. In 2004  
4     the Joint Chiefs of Staff put out a memorandum that  
5     said anytime we use sailors, marines, soldiers, airmen  
6     we capitalize it, in quotes, to emphasize the  
7     importance of the people, end quote. Let's start there  
8     or something. Let's start capitalizing veterans so  
9     that what we're talking about we're sending that  
10    message and it helps veterans.

11               MR. GARCIA: Well, you know, one of the  
12    things as Rob could tell you early on the image of the  
13    veteran in Vietnam wasn't a good image. Do you  
14    remember when we had George Skipatt (phonetic) who did  
15    a poster for us, took four rolls of ribbons and said  
16    what do you do with experience like this? You put it  
17    to work.

18               We've got to start doing that again. We've  
19    got to create also a marketing strategy of perception  
20    and image. We definitely have to do that, but your  
21    question like what do you do in your state. I've  
22    talked to your director. You know, your resources are

1 short. But like I said, there's not one model, there's  
2 several models out there. My model may not fit your  
3 model but it fits me.

4 But there are -- this committee can identify  
5 one, two or three models, and as Louis said this  
6 committee can be a committee with teeth. We've got to  
7 put muscle of our own muscle on this committee and get  
8 across the street over there and hold the feet to the  
9 fire on this thing. I would hope that the  
10 administrator here doesn't look to this committee as  
11 just an advisory committee.

12 An advisory committee is an advisory  
13 committee and we all sit on advisory committees, you  
14 know. I don't want to be on a committee that's not  
15 effective. I think Louis if we really create some  
16 muscle and put pressure on the administrator to also  
17 make this committee and what you do very important, you  
18 know.

19 When the 8A was created there was the  
20 Hispanic Chambers, the Black Business Associations, the  
21 Commission on Status of Women, there were many groups,  
22 there was a Minority Purchasing Council, all into play

1 to make sure that thing worked. We're not doing  
2 anything different than they've done. We're just  
3 coming together finally right now. So I think we've  
4 got a lot of meat here.

5 MR. ELMORE: Just a couple of thoughts.  
6 Elmore.

7 First off I think you're absolutely right. I  
8 think, you know, taking two or three models, and I  
9 would suggest, you know, Ron's one kind of a model  
10 where it's a community engaged with SBDC, you're  
11 another model, you're a state engaged with district  
12 office SBDC and the community. There's another model  
13 like (inaudible) and you and what you're doing and the  
14 American Legion as well, and Pat to a degree what  
15 you're doing because you're on the other end with high  
16 level, real investment into these businesses that come  
17 to you that are ready for that kind of investment.

18 I think a meeting with the administrator --

19 MR. GARCIA: Absolutely.

20 MR. ELMORE: -- that goes in with this  
21 agenda, that says here are the three or four or five  
22 models and it takes this breadth of models, because

1    this is a broad country.  No one model really will  
2    work.

3                   MR. GARCIA:  Absolutely.

4                   MR. ELMORE:  Put it on her agenda, not just  
5    here's what we would like to see but here's a model  
6    that you can move forward with and at the same time  
7    present those models to the Hill.

8                   MR. GARCIA:  And Louis, I think we need to  
9    move on that with priority and keep the feet to the  
10   fire.

11                  MR. ELMORE:  The model, the common  
12   denominator for (inaudible), the common denominator for  
13   that model is a source of interrupted funding  
14   (inaudible).  It's got to be the SBA through the SBDCs.  
15   That's the constant.  No matter what level of  
16   interaction we enjoy the SBDCs are there, they have the  
17   relationship, existing relationship with universities,  
18   legislators and the SBA.

19                  A PARTICIPANT:  And score.

20                  MR. ELMORE:  And score, absolutely.  They're  
21   often co-located.  That's got to be the common  
22   denominator.  If you -- Louis was talking

1 about -- excuse me, Louis. In fact Louis was talking  
2 about how, you know, what this agenda does and how we  
3 report through and who we talk to. I mean, this isn't  
4 an issue that -- we should demand, demand that SBA take  
5 leadership and ownership of this issue and implement  
6 that through the SBDC and fund it. Then when we leave  
7 and we do our congressional work to get the earmarks  
8 necessary to fund that. Put SBDC veteran trained  
9 people on the ground to reach out, and you need to  
10 measure that, and that's going to be your job to  
11 measure how effective they are in making liaison with  
12 the state veterans organizations, with their veteran  
13 service organizations in the state, and how effective  
14 they are in passing the message.

15 But the common denominator has got to be SBA  
16 and SBDC. I humbly --

17 A PARTICIPANT: Although I would caveat one  
18 layer on top of that. I wouldn't leave it to the SBDs  
19 to pull it off. I would create essentially an entity  
20 like John has done where you have a partnership. It's  
21 not just SBDC because my real experience is that some  
22 of them will do a great job, and I've worked with them



1     since the 80's, some will do okay and some will still  
2     not know how to spell the V word.

3                 So if we put another layer of where they  
4     are -- through this process they have to engage with  
5     state veterans affairs, with community not for profits  
6     like Pat and Lou, then I think you can create a real  
7     model.

8                 A PARTICIPANT:   That's why we need it.

9                 MR. GARCIA:   Let me add.   This is John Garcia  
10     again.   The reason why -- I agree totally with what  
11     you're saying, that partnership, but my state -- as the  
12     state secretary of veteran affairs I have to be engaged  
13     because I've got 21, 25, trained accredited veteran  
14     service officers whose main job is to find my veterans.

15     If I can't find you to get you to file for that  
16     benefit this is moot for you.   I've got to get you to  
17     file so you qualify.   The only person who can do that  
18     is a trained, accredited service officer.   SBDCs aren't  
19     that.   So that's why a partnership has to --

20                 A PARTICIPANT:   That's one way.

21                 MR. GARCIA:   That's one way.

22                 A PARTICIPANT:   That's one way.   But when you

1    went into that room and there 500 veterans that were  
2    there or however many and you raised your hand, how we  
3    can do it is we're always talking about outreach and  
4    people going out and finding it. Let's come up with a  
5    model where we're bringing people together, where we're  
6    doing -- you know, we do a Thursday night dinner, that  
7    kind of model at restaurants and say thank you veterans  
8    for your service, and we invite our allies to come  
9    together and work towards accomplishing our mission.

10                What has developed out of that is really  
11    amazing, but you know there are a number of reasons  
12    that veterans will not go -- I'm in the same boat in  
13    terms of service connection, you know, not wanting to  
14    get into the system, and I'm a veteran advocate.  
15    There's some real issues I'm working through, you know,  
16    myself. There are a number of reasons that veterans  
17    might not get into the VA system. We're talking and  
18    that's where a lot of our focus is right now is how do  
19    we connect with these veterans.

20                So in regard to the different models and  
21    stuff, I hear what you're saying in terms of the state  
22    co-operation. I'm actually getting to that level on

1 one hand. The other thing is at some point I'm going  
2 to want to talk and share what we've done with our  
3 model because we created a learning organization for a  
4 reason. It has an ability to adapt, and to grow and to  
5 change. There are different communities that have  
6 different community needs and stuff, so we want to have  
7 a template that we can offer in a way that each  
8 individual -- I heard leadership, Frank you said that,  
9 it's up to the leadership of the individuals.

10 A PARTICIPANT: Something about the issue I  
11 think.

12 A PARTICIPANT: But I think that we can  
13 develop -- you know, today is -- with the Internet  
14 revolution and things, things are changing so fast.  
15 We're moving away from hierarchical models of  
16 organization to more system type theory. I think we  
17 can -- I think we have a unique model where we can  
18 really do something at the grassroots level if we have  
19 the support coming from the top down. How do --

20 MR. MANCINI: If I can add something. This  
21 is Frank Mancini. This is important because the SBDC  
22 is a huge issue here and also the real issue. You know

1 the state, you know, California, right?

2 A PARTICIPANT: Right, right.

3 MR. MANCINI: Everybody knows California from  
4 Baywatch. Unfortunately that's the best thing we have  
5 there. It's the largest state and we have poor  
6 leadership from the California Veterans Business  
7 Affairs, I mean Veterans Affairs. We should call Tom  
8 Johnson and debrief him. He can use the help.

9 I was there when he had that (inaudible) if  
10 you recall.

11 A PARTICIPANT: Yes, you were there.

12 MR. MANCINI: I almost got actually lynched  
13 by Vet Force at one point because they thought we were  
14 trying to restructure the whole thing and I had a bunch  
15 of people like -- you were inside and then I came  
16 inside afterwards.

17 In any case the issue is this, that the SBDC  
18 for example in Nevada, you call them and you go to the  
19 website and veteran is all over the place. They are  
20 catering to veterans. In California it's the worst,  
21 the worst possible scenario. You have the state that  
22 doesn't work with the SBA. The SBA doesn't really work

1 with the SBDC. The SBDC, they make their own rulings.

2 I called like the SBDC right next to my  
3 office in Santa Monica and I said, "Do you have a  
4 veteran" --

5 "What, what, what kind of program?"

6 "Veterans, do you" -- they had no idea. They  
7 put me on hold and then I had to speak to the manager.

8 I mean, they had no program in place for veterans and  
9 they're getting the money because the  
10 (inaudible) -- and this is my concern. My concern is  
11 that the (inaudible) of, what do you call it, small  
12 business development center we have created a cottage  
13 industry where these directors now lobby Congress to  
14 get money, to get continued funding, this creation of  
15 jobs that they have done for themselves. Do you see  
16 what I'm saying? They are creating their own industry  
17 and that's a very dangerous scenario.

18 When you have -- I would trust a lot more,  
19 and this is the capitalistic marketing society that we  
20 have going on where the government says put the grants  
21 up for bid, have people use their own market  
22 sensibility to start programs and they will run the

1 programs better than government. Yes, sometimes it  
2 will work, but in this case when you then have the  
3 creation of a lobby that goes to Congress and tries to  
4 get more money for centers that can perpetuated to then  
5 give services you have a very dangerous scenario, where  
6 you have people raising money and you really have no  
7 accountability.

8 I mean, last year was \$450 million that was  
9 raised for all the SBDCs. I don't see the value. I  
10 don't see what are they doing with the money. I really  
11 don't see the return on the investment.

12 So that's my concern there and that the SBDCs  
13 are a concern, because all the SBDCs got money for  
14 veterans but very few elect to really market that and  
15 advertise that. You guys are lucky because New Mexico  
16 you're setting an example. In California nobody is  
17 setting an example. Also in Arkansas they're setting  
18 an example, but unfortunately it's not working for  
19 other states. So that's the issue.

20 MR. ADAMS: Paul Adams. I would like to  
21 propose specifically that the committee authorize that  
22 we sent a letter to all the state veteran contacts,

1    whatever position they are, whoever they are, to  
2    introduce the committee and say this is who we are,  
3    what are your issues. We get the right language in the  
4    letter and I see a couple of things on this, it's that  
5    one we let them know we exist, we're a permanent  
6    committee and we're trying to find out what they're  
7    doing, so that starts building some accountability.

8               We start sharing some information on  
9    different models that we have to help them improve, and  
10   then when we go to the administrator we have already  
11   done something. We're not going to the administrator  
12   wringing our hands and saying you need to do something.

13   We're saying we've already reached out to the states  
14   and now we're going to -- we want you to be  
15   accountable. We want to set up a system where they're  
16   accountable and we're now taking the existence of the  
17   committee and starting to use it to take all the ideas  
18   that we're talking about and reaching out to the states  
19   to the get that dialogue started.

20              MR. GARCIA: Paul, if I may. John Garcia.  
21   There's two things I would like to see happen is a lot  
22   of these groups are having their mid-winter

1 conferences. NASDVA is having their mid-winter  
2 conference February 22nd. Charlie Smith, who is the  
3 secretary of veteran affairs for North Carolina is the  
4 chairman right now. He's invited the chairman of this  
5 committee, via yesterday's phone call to me, to have  
6 you introduce this organization to NASDVA because I've  
7 had calls from the state of Washington, I've gone out  
8 and set up what we did her in New Mexico, I've gone to  
9 Arizona, I've gone to Colorado and other states and  
10 helped set these things up. I'm secretary of veteran  
11 affairs and I can't keep doing that. There's a need to  
12 kind of set these things up.

13 But I also would like to see this  
14 organization or this committee be present at the  
15 veteran conference in Las Vegas and have you make a  
16 presentation on what this organization is about and  
17 what we are recommending because I can guarantee you  
18 the veteran business community is looking for that core  
19 leader group to tell them here's where we're going and  
20 we're neutral, you know. I think we can do that. I  
21 think we need to do that and we need to sit before this  
22 new administrator ASAP.



1                   MR. LINSKOTT: Jeffrey Linscott. A lot of  
2 talent here and this is really impressive to me, the  
3 debate and the discussion. I believe this committee  
4 foremost needs to set the agenda to change the  
5 corporate culture if you will of how you the United  
6 States treats veterans in business. We need to change  
7 that and establish we want the corporate culture to be.

8                   Outreach truly starts at the recruiting  
9 office. That's where we all learned how to be, basic  
10 training is where outreach begins. Outreach somehow  
11 needs to be reintegrated into the recruiting system or  
12 at the grassroots level of a person entering the  
13 service.

14                  But Public Law 110-186 said that we need  
15 interagency involvement. We don't have the manpower,  
16 the workforce to do that. I see as we debate these  
17 SBDC things, what states are doing, what this is doing,  
18 I believe Mr. Elmore needs at least eight slots  
19 immediately before we adjourn, a request for eight  
20 slots. I see them being interagency, I see them being  
21 future programs, I see a person doing outreach, I see a  
22 person working Commerce, I see a person working DOD, I

1    see a person working the VA, and I see a person working  
2    NGB, National Guard Bureau.

3                   This office of business development needs  
4    liaison officers that can go out and interact, and  
5    monitor, and recommend and be involved, and one last  
6    one to work the states. Without those people how would  
7    any of these things ever become a solution? You have  
8    to have somebody up at Guard Bureau working the  
9    National Guard issues because our customers are coming  
10   off active duty. We have to get them in duty.

11                  MR. VARGAS: Felix Vargas. I want to thank  
12   John and Ron for throwing a piece of meat on the table  
13   that we're all latching onto. This is exactly the sort  
14   of thing we should be talking about.

15                  I agree that we should be an agent for change  
16   to use our term, John, yesterday. I've always been  
17   that kind of guy, I've always -- what's driven my  
18   philosophy my professional life has been the saying  
19   that there's two kinds of people in this world, those  
20   who wait for things to happen and those who make things  
21   happen. That's really my thinking about how to  
22   accomplish things. I'm kind of looking forward to this

1   afternoon because we've already kind of gone into what  
2   we should be doing this afternoon. I think we need to  
3   think about this.

4               I like the idea, Paul, about sending a letter  
5   to the state VA directors. I know my VA director, I  
6   talk to him. I'm delighted that he's in contact with  
7   John about working together on this.

8               I think another thing we should thinking  
9   about is maybe having Rod, and John, and Jason put  
10  together the elements of a model that all of us could  
11  provide input to and provide comments so that if we  
12  send this later to VA directors and states we could  
13  refer them to our thinking about what could be a model.

14              Another point I want to make is that a lot of  
15  this has been kind of linked to jobs creation and  
16  putting veterans to work. This is very key and very  
17  timely because as the Senate and House now go into a  
18  conference to define the stimulus bill, and as a final  
19  sum will be reached, and as these monies are going to  
20  be appropriated and sent out to the states there ought  
21  to be this veteran connection that Joe Wynn talked  
22  about. Why not start with the state VA directors and

1 the local SBDCs to carve out this effort to be led by  
2 the veteran community to implement the stimulus package  
3 and put people to work?

4           So a lot of things to think about and I think  
5 it all begins with actually doing something. By the  
6 end of the day we should an agreed approach on how  
7 we're going to do this and at the top of the list as I  
8 see it is the link to the state VA directors that we  
9 talked about, and a model, and who's going to work on  
10 that and the time line so we can get moving.

11           MR. CELLI: Okay. Thank you, Felix. I would  
12 like to take -- this is Louis Celli. I am in absolute  
13 awe and green with envy with the recognition, the  
14 status and authority that SBDCs, TTAC, SBA, outreach  
15 offices, the command that they have, you know, in the  
16 small business community.

17           What I think you may recognize and what I'm  
18 not sure that you've been involved with is that there  
19 are a lot of feelings that are now starting to grow, a  
20 lot of very small grassroots operations that are  
21 starting to crop up around the country, and as one of  
22 those I'm kind of -- the three centers used to be four

1 or five centers but have now dropped down to three that  
2 were previously funded by TVC are kind of the bastard  
3 children of this entrepreneur, veterans entrepreneurial  
4 educational outreach effort. What happened was we saw,  
5 believe me we saw the value in partnering with the  
6 states and partnering with the SBDCs. We know that, we  
7 know what the have.

8 But when we go to them you absolutely can't  
9 ignore the fact that there is some huge territorial  
10 issues. You know, it goes right back to funding and  
11 budget and they see us as out and out competition.  
12 Five years ago, when Bill Elmore put out his bid to try  
13 to start funding his five centers and Pat and I both  
14 competed and didn't get it, what I said, my God, fund  
15 me for a dollar, one dollar. Give me one federal  
16 dollar that I can then say I'm a partner with SBA,  
17 which gives me then the segue, and credibility, and  
18 hand off into -- it doesn't have to be a lot of money  
19 in some cases. You know, were getting other funding  
20 from the Veterans Corporation, albeit struggling, but  
21 we were alive.

22 We did not have that fiduciary relationship

1 with the federal government and therefore they  
2 chose -- they were polite, they smiled, they shook our  
3 hand, they welcomed us in, they invited us to their  
4 events, but there is a barrier and we cannot crack that  
5 barrier and it really is the same with the states. Tom  
6 Kelly is my guy. He and I, you know, we love each  
7 other to death, but I have not seen not one dime, you  
8 know, come from him.

9 MR. MACKRELL: I would like to be responsive  
10 to that and I'm going to say something that -- Pat  
11 Mackrell -- that's probably hugely unpopular with many  
12 people in this room. But the fact of the matter is  
13 why you're regarded as competitive is because you are  
14 setting yourself up as competitors, okay. Right?

15 Instead of saying this is the SBDC that we  
16 had yesterday it sounds to me that John wasn't happy  
17 with the SBDC he had yesterday and he got in their face  
18 and said, look, this is your God damn job, do it. All  
19 right. I'm not going to go and do your job for you.  
20 I'm going to insist that you do your job. I'm not  
21 going to go and glad hand Bill Elmore in a conference  
22 and say atta boy, Bill, good job. I'm going to say,

1 Bill, the SBA is doing a lousy job supervising the  
2 SBDCs. The SBDCs aren't getting money, they're not  
3 lobbying individually.

4 Jim came from New York and he doesn't go to  
5 Congress and say give me \$20 million. They lobby for  
6 an SBDC budget that gets disbursed at SBA and SBA  
7 decides where the money goes.

8 MR. CELLI: That's not true. That's  
9 established through Congress through their lobbying  
10 activities. That is a line item. SBA has no say so  
11 where that money goes.

12 MR. MACKRELL: SBA --

13 A PARTICIPANT: It's really a combination.

14 MR. MACKRELL: -- through their counseling  
15 and how they reach their (inaudible) so, yes, it is.

16 A PARTICIPANT: The first initial -- the  
17 first initial --

18 MR. MACKRELL: Wait, let me finish here. So  
19 the fact of the matter is is you have a growing  
20 landscape of veteran service organizations each of  
21 which are trying to create a job for a veteran, i.e.  
22 the veteran who runs the veteran service organization,

1 who doesn't have the credibility with the banking  
2 community to make sure that the veteran -- that all of  
3 the soft touch stuff results in a job and results in a  
4 loan.

5           The fact of the matter is most veterans don't  
6 have any interest in government procurement. The fact  
7 of the matter is they don't have the bonding ability to  
8 do the contract even if they got it.

9           A PARTICIPANT: That's a key.

10          MR. MACKRELL: All right.

11          A PARTICIPANT: That's a key.

12          MR. MACKRELL: So there's interested in, you  
13 know, buying a tractor, you know, buying a truck, you  
14 know, getting working capital for their computer  
15 business. You know, that's what they're interested in.  
16 They're not -- I would say 90 percent of the veterans  
17 that we see are private enterprise kind of thing.

18          MR. CELLI: I'll tell you what --

19          MR. MACKRELL: They can't afford that.  
20 You've got to demand -- we've got to demand that the  
21 SBDCs do their job, not being 100 different look-alike  
22 organizations.



1           MR. GARCIA: John Garcia. What you're saying  
2 is absolutely right. What I did was an assessment of  
3 what's already existing out there and I chose SBDCs,  
4 SBA, and workforce solutions. Not everybody is going  
5 to want to own a business, but I've got to put them to  
6 work also.

7           So we have our program, Heros Hiring Heros,  
8 from which I get veteran businesses to agree to hire a  
9 vet and that's working. But let me tell you my biggest  
10 obstacle I'm having. It's with the VA itself.

11           The VA and the states are -- there's a  
12 disconnect. Even though the states collectively as I  
13 said yesterday about \$6 billion out there, state money  
14 going out, we're implementing what the VA comes up  
15 with, but yet the VA doesn't fund us and there's a  
16 disconnect between the VA. So I've gone round and  
17 round with the VA, hopefully this new secretary will  
18 get it, is that the VA has got to recognize what the  
19 state directors and states can do and partner with SBA,  
20 SBDCs, the chambers of commerce and everything else  
21 that's out there.

22           All due respect to all my predecessors, and I

1 don't mean this to insult them, my predecessors were  
2 all professional veterans. You know what I mean by  
3 that. They made a living out of being a veteran, okay.

4 I came out of the private sector. What's different  
5 for me and all my predecessors, I bring the private  
6 sector in and knowing how to run a non-profit, and how  
7 to run business, and how to make things work.

8 I don't care if my state doesn't give me any  
9 money. Lloyd and I will find the money to make work  
10 what we're doing. It's going to work. What I'm  
11 utilizing is the seat that I sit in, where I can call  
12 the director of the SBA and he'll drive to my office.  
13 I can call the president of the university and he'll  
14 come up and sit down and say what can we do to make my  
15 university more veteran friendly.

16 That's why I say, Bill, the states are key  
17 and they're nowhere in the discussions in here and  
18 we've got to bring them in. Some states may work, some  
19 won't, you know.

20 A PARTICIPANT: And on that level there are  
21 so many things. We talk about validation, validating  
22 veterans. For instance how about residency issues?

1 You know, when we're in the military we have a simple  
2 piece of paper that we sign but, you know, a lot of  
3 times it's the universities that are determining if  
4 you're a state resident. Minnesota has been -- because  
5 of the collaboration, what they're recognizing, they  
6 just said if you're coming off of active duty, you  
7 know, you're an automatic resident of the state of  
8 Minnesota. Why can't every state do that? I think we  
9 can do a lot of things. I think your state is key.

10           Going back to what you were talking about,  
11 all these different organizations popping up, I mean  
12 historically, I'm young but historically in  
13 every -- during times of war we're always going to see  
14 these things popping up. My biggest fear is that  
15 they're going to go away at some point, you know. At  
16 some -- I think we're going to have some -- you know,  
17 we all recognize we're going to continue to have issues  
18 for a while with our vets coming home, but let's find a  
19 way to institutionalize it.

20           What I want to say is when I said that we'll  
21 change the name of our organization -- like what I'm  
22 really saying is that we created an organization, we

1 just -- we went with the VRC because Minnesota had  
2 something that was worth it, but we could not get it at  
3 our university. So we ended up having it out in the  
4 community, but that's provided an incredible example of  
5 a community that doesn't have the support from the  
6 university but we're still doing it and because we've  
7 done it we've found a new model so we can now empower  
8 smaller communities that don't have that.

9 But what I want to say is we didn't create  
10 another organization. In fact it belongs to the VFW,  
11 it belongs to the DAV, it belongs to the American  
12 Legion, it belongs to us, every person, and we say  
13 that. It belongs to each one of us. That's what I  
14 want to say. So the competition is going to happen but  
15 we do need to kind of create that paradigm shift of how  
16 we -- how we're working together.

17 Man, I'm going to love visiting with you  
18 because the money, the money issue always creates a  
19 competition.

20 MR. MACKRELL: You know, it's only in  
21 the -- Pat Mackrell -- it's only in the not for profit  
22 world where you can duplicate an existing service that

1     satisfactorily delivers and make money at it. In the  
2     for profit world you can't do that, okay.

3             MR. CELLI: It's not too easy. There's  
4     competition in many industries where you can have 7-11  
5     on one corner and a 7-11 on the other corner and they  
6     both make money.

7             A PARTICIPANT: But if they're not profitable  
8     one will close.

9             MR. MACKRELL: But if you -- what I said is  
10    if you work with states in an entrepreneurial  
11    capitalistic state that's well served, but a current  
12    occupant to the state --

13            MR. CELLI: Well served. That's the  
14    perfect -- the perfect explanation point is well  
15    served.

16            MR. MACKRELL: Because it's going to be  
17    a -- are we working on a script here? Am I going  
18    to -- that's what I'm saying. Okay.

19            I tend to be a little argumentative. That's  
20    maybe the lawyer side of me, okay. If I say --

21            A PARTICIPANT: No, it's the Marine side.

22            MR. MACKRELL: -- (inaudible) well served

1 position in the (inaudible), it's only the not for  
2 profits that go into a well served area and survive  
3 because they'll cramp up the funding source.

4 A PARTICIPANT: Can I --

5 MR. MACKRELL: They'll (inaudible) to  
6 Congress and take this amount of money. If you focus  
7 it -- now if your organization is going to do a lot of  
8 things for veterans that aren't done and then deliver  
9 them to the door of the SBDC for business counseling  
10 that's great. If you have the SBDC they're not going  
11 to link them up with the VA. That's somebody else's  
12 job.

13 A PARTICIPANT: They're not.

14 A PARTICIPANT: Fine. But you know in all  
15 those -- we come from the service model. I get so -- I  
16 get so -- it bothers me whenever somebody asks what  
17 we're doing. It's like, well, what services do you  
18 provide. I'll tell you what we're doing is we're  
19 creating communities. No matter how sophisticated we  
20 get in learning to return services to veterans the  
21 single most important thing we can do is give a space  
22 where people can come and gather and connect with one

1 another.

2           Because I'll tell you what, we look at things  
3 from a mental health issue, right. We're always  
4 focused on post traumatic stress disorder. Part of the  
5 problem is we see it out of the mental health issue  
6 rather than a normal reaction to combat setting. I'll  
7 tell you what, you give veterans a space where we can  
8 start to begin the process to see that stuff naturally  
9 and it makes a huge difference.

10           So we do think -- I think we can find a way  
11 to do all this that we want to do. I really believe  
12 that. It's right at a point where we're collaborating  
13 and getting that space support. There's a difference  
14 between cooperation and collaboration, right. What  
15 we're recognizing is that by empowering veterans it's  
16 benefiting our communities, our state and our nation as  
17 a whole. I mean, that's -- so I'm -- I appreciate what  
18 everybody has said here, though. I'm fired up. It's  
19 great.

20           MR. MACKRELL: All right.

21           MR. WHITE: Steve White. I agree pretty much  
22 with what everybody has said, but I think one of the

1 things that we've done is we've gotten from up here  
2 down to funding the 7-11 as opposed to what are we  
3 trying to accomplish here. We could -- if we want to  
4 get down into the grassroots stuff we can argue for the  
5 next 29 days and still be sitting in the same seats.

6 A PARTICIPANT: But the issue --

7 MR. WHITE: No, wait a minute, please. So  
8 I'm just saying what I -- I'm new on this committee.  
9 I'm trying to figure out what we're going to try to  
10 accomplish and it's not going to be who's going to talk  
11 to Joe, it's going to be our organization has decided  
12 to make these recommendations to the administrator, and  
13 it's not going to tell her to go talk to Joe.

14 So I'm just trying to get at what we're  
15 trying to accomplish here, is it in four states, if  
16 it's in ombudsman, if it's in funding, if it's in, you  
17 know, getting cash to the businesses, is it going to be  
18 in contract, is it going to be in procurement. Where  
19 are we going to -- I mean, if we set up committees for  
20 each of those things that's cool, but I just need to  
21 know sort of where we're at and not worrying about if  
22 you want me to talk to the veterans guy in New



1 Hampshire and Pat is going to talk to the guy in New  
2 York or we're going to be talking to the administrator.

3 MR. CELLI: I understand.

4 MR. ELMORE: This is Bill Elmore. This has  
5 actually been really good and I think what it  
6 represents is the breadth of what works where you work  
7 and where you live, Pat, not just from your end because  
8 you're dealing with people that are ready for the kinds  
9 and level of service you provide to the outreach. You  
10 hit on a key point.

11 I think what we can do is if you  
12 approach -- and this is my suggestion -- if you  
13 approach the administrator and say we have this  
14 potpourri of models, all of which have certain basic  
15 rudimentary commonalities but they're all different  
16 models based on who has driven it and who has created  
17 it, who has participating, and challenge the  
18 administrator either to let us as the committee create  
19 essentially a catchall model that's replicable based on  
20 those local support services and resources or if you  
21 look at 110-186 one of the things the previous  
22 administration turned me down on six, eight, ten times

1     was I asked for \$300,000 to do a study in the gap on  
2     our veteran business centers. A gap could create this  
3     kind of a model if she enabled that study to happen.  
4     But that's going to take two years. Do we want to take  
5     two years to do that?

6                 So I think you can discuss whether or not you  
7     want to have her empower me to create that model with  
8     resources or you create the model yourself with what  
9     you already know and push her, whether it's SBDC,  
10    score, independent centers, it's really all of those I  
11    think.

12                MR. GARCIA: If I may. John Garcia. I like  
13    to find my targets and go for it. We've got -- this is  
14    a fiscal year up here. September is the end of the  
15    fiscal year. So we've got nine months to make  
16    something happen and I would like to -- you know, we  
17    should put our time line up there. I mean, as soon as  
18    that administrator is here you should be one of the  
19    first people in there to brief her on the needs.

20                Then I think we've got to get across the  
21    street to the House and Senate Committee on Veteran  
22    Affairs and meet with those two gentlemen there and

1 start pushing this thing. At the same time get you in  
2 front of these key groups. I think we said earlier,  
3 Scott said, we need to get Congress to hold a hearing  
4 of accountability. We should insist on that.

5 So I think we've got some time lines. You  
6 start putting things in there. Let's create our angle  
7 or maybe that's later on in the agenda.

8 A PARTICIPANT: I would like to see us --

9 A PARTICIPANT: Do you want to go at the  
10 (inaudible) real quick?

11 A PARTICIPANT: No, actually before I did  
12 that I wanted to make a comment.

13 A PARTICIPANT: I think what we need -- what  
14 we're really talking about is the marketing effort that  
15 we are going to institute on behalf of veterans in  
16 America, and what we have to be able to do in sending  
17 up a letter is we have to collectively agree on what is  
18 our message, what are we trying to communicate out  
19 there. We're not trying to go out to the states as an  
20 advisory committee of the SBA and tell them here's the  
21 model you have to adopt. But what I think we do need  
22 to communicate to them is we are going to reach out to

1     you because we're looking to see what you're doing.

2                 There are successful models where there's  
3     outreach and things are going on. The feds like to  
4     say, well, we don't have the money, and the states say  
5     we don't have the money, and both of you if you work  
6     together probably could find the money and get it done.

7     But we're going to start stripping away the excuses  
8     that you have for not providing the benefits.

9                 Really what I was thinking when I was talking  
10    about the letter is collectively we look at the wording  
11    of that, that we're outreaching, we're saying here we  
12    are, we're a committee, this is what we do, this is  
13    what we're trying to communicate with you and we can  
14    try to help find information for you to pick the best  
15    model, some ideas, some guidance, maybe people you can  
16    talk to, but you're no longer going to be able to sit  
17    in your state capitol and take money and do nothing for  
18    veterans because we are going to be watching. We're  
19    not going to get into the weeds with you, we're not  
20    going to worry too much about what we say about this or  
21    that.

22                A state can come up with their way of doing

1   it, but here's resources.  You've got the VSOs, you've  
2   got the federal, you've got the states, you've got all  
3   these different things, we want as a committee now that  
4   we're permanent we are going to be looking at this.  So  
5   the accountability is not just a hearing for the DoD,  
6   it's basically going out to the states and saying are  
7   you -- and we're going to be able to tell from the  
8   feedback.  You know, some states may never even  
9   respond, in which case we say, okay, somehow we have to  
10  do more.  Some are going to say we're already doing  
11  something or, gee, we would love to figure out  
12  something to do, but that's what I really see as the  
13  point of going out with the letter.

14           Amongst us I think the biggest thing we have  
15  to have is the consistency of message.  If the  
16  state -- if they called -- you know, if the state of  
17  New Hampshire decided to call anybody on this committee  
18  we're all going to say the same thing because that's  
19  what the problem is in Congress right now is Congress  
20  knows that if they have one VSO come in and say one  
21  thing they can go find the one that's going to oppose  
22  it and then they can say, you know, we wanted to do

1 something but we couldn't.

2           So we as a committee I think have to be very  
3 careful that we agree on message and we start off with  
4 the focus message that we can agree to before we end  
5 this meeting today. Here's our message, here's what  
6 we're going to communicate, and then amongst ourselves  
7 we communicate and we look at how to expand that, how  
8 to work on it, how to go out so that we're taking the  
9 steps that we need to get something done.

10           MR. CELLI: Right. And I just want to say  
11 something quick and then I'll hand it off to you. Louis  
12 Celli. I really want to answer Steve's question about,  
13 you know, we should be operating up here, which is  
14 exactly correct. The beauty of this committee is that  
15 we are all down here people and that's why  
16 it's -- that's why we're on this committee.

17           The only way we're going to be able to really  
18 develop effective programs that can be implemented at  
19 the top level is if we have a firm, realistic  
20 understanding of the grassroots level. I think that's  
21 why we -- maybe it may sound like banter at times but I  
22 think we're flushing out real issues that are important

1 to understand before we can develop real, you know, top  
2 level advice because there are too many top level  
3 advisors that have no clue about what goes on at our  
4 level. They just issue their advice and then we look  
5 at it and go, who thought of that. We at least want to  
6 be able to say, yeah, you know, we talked about, you  
7 know, the competition, and we talked about duplication  
8 of services, and we talked about, you know, there's a  
9 parity. We did talk about that and this is what, the  
10 best, you know, the best practices of all of us and  
11 this is what we have come up with. So I really wanted  
12 to answer that.

13           A PARTICIPANT: Just a couple of things. I  
14 like the idea of this letter either from this committee  
15 and/or from the administrator to the states. If my  
16 counterpart in your state got such a letter to say what  
17 are you doing for veterans and business, I would love  
18 to see the response. If the response came back we're  
19 not doing anything then the question is why. Then I  
20 think we ought to go to the House and Senate Committee  
21 of Veteran Affairs to ask them to ask the states, what  
22 are you doing for veteran business, you know.

1           You will see that my counterparts will start  
2   responding, but I would also like to say that we need  
3   to get before the National Governors Association.  
4   These are issues that they will take and make  
5   resolutions out of. We ignore the National Governors  
6   Association. We've got to get them engaged in this  
7   whole, this whole process.

8           Let me tell you why I think it's effective,  
9   and again I'm just going back to states that I'm  
10   (inaudible) working at the states. When the stimulus  
11   came down my state is going to get \$800 million. I  
12   don't know what New York and other states are going to  
13   get. The question --

14           A PARTICIPANT: New York pays money.

15           A PARTICIPANT: A question was asked to me  
16   what is the state going to ask for veterans on the  
17   stimulus. We thought about it and we contacted our  
18   senator, Tom Udall. He introduced as part of the  
19   stimulus package an employee tax credit would be  
20   issued. That's good, but it's not good enough yet,  
21   because of that stimulus package there should be a 3  
22   percent match to the feds and it's not in there yet.



1           These are other things that we've got to  
2 really start hitting if we're really going to start  
3 pushing this thing. So I would like -- I support the  
4 letter idea, but I would say either from us and/or the  
5 administrator and get before the NGA right away.

6           MR. ADAMS: This is Paul Adams. I don't  
7 think -- considering the fact that the administrator is  
8 not even in office and trying to get her to send a  
9 letter to the states will probably take --

10          MR. CELLI: Take a while.

11          MR. ADAMS: -- a long time we can actually --

12          A PARTICIPANT: We can do it right away.

13          MR. ADAMS: -- I will draft something and  
14 circulate it.

15          A PARTICIPANT: Let's do it.

16          MR. CELLI: Well, actually -- this is Louis.  
17 I would like to see if Mr. Garcia could draft it only  
18 because he speaks state.

19          MR. ADAMS: That's fine.

20          A PARTICIPANT: Could I make a suggestion? I  
21 would suggest that the quality in the response for the  
22 SBA administrator's letter is worth the wait.

1           A PARTICIPANT: If we say we're the veterans  
2 on this committee and we're, you know, we're this, the  
3 reality is we'll get shrunk over to somebody else.

4           A PARTICIPANT: But also I think if this  
5 administrator -- it's going to show that this  
6 administration is taking veterans seriously. So let's  
7 get the administrator. She's -- when is she coming in?

8           A PARTICIPANT: She's -- you could be doing  
9 the letter today.

10          A PARTICIPANT: Yeah, let's draft it and put  
11 it on her desk when she gets here.

12          A PARTICIPANT: Somebody is going to --

13          A PARTICIPANT: I would say move, let's move  
14 on it.

15          A PARTICIPANT: You know, it's not -- it's  
16 not intended to be an intrusive, you know, indictment  
17 of the state. It's just saying, look, we're at the  
18 very -- we want to make a difference, we want to make  
19 sure that the veterans issues get addressed and we want  
20 to make sure we do it in a coordinated fashion that  
21 makes sense.

22          A PARTICIPANT: And from a PR standpoint

1     that's excellent for here.

2                   A PARTICIPANT:   Yes.   Then at the same time I  
3     think, Bill --

4                   A PARTICIPANT:   I would be glad to work with  
5     Bill on that.

6                   A PARTICIPANT:   We don't want to let the SBA  
7     off the hook on this.   Don't forget that the SBDCs and  
8     the SBA currently are charged with helping Americans,  
9     small businesspeople to start and grow their business.

10                  A PARTICIPANT:   Just a thought.

11                  MR. CELLI:   Hold on, Bill.   You're kind of  
12     third in the queue because Jason had his hand up, and  
13     then the VA had something to speak, and then to you.

14                  A PARTICIPANT:   Can I finish?

15                  MR. CELLI:   Oh, I'm sorry.   I thought you  
16     were done.

17                  A PARTICIPANT:   Our position is that they're  
18     not doing -- the SBDCs aren't doing the job effectively  
19     across the country.   So there's -- I mean, I think that  
20     we ought to do a parallel path.   One is getting the  
21     SBDCs, getting the message to them that you need to  
22     serve everybody and this group has unique needs just

1    like MWV has needs, just like others have unique needs,  
2    the women's business centers and all those things. You  
3    need to focus on that and you need to tell me what your  
4    plan as the SBDC state director. You need to do that  
5    right now.

6                   Also I think the letter but I would  
7    (inaudible). Waiting a little time for Karen to sign  
8    it is going to improve the quality and timeliness of  
9    the response measurably.

10                  A PARTICIPANT: I would agree. I would  
11    agree.

12                  MR. CELLI: Jason.

13                  MR. SHAQUIN: Yeah, I just -- I really  
14    appreciate the dialogue and I did -- quite honestly I  
15    get sometimes lost in the sort of hierarchal stuff. We  
16    talk about doing things up here and then we talk about  
17    more on a grassroots level. I really appreciate you  
18    addressing that.

19                  I really do believe that our society is  
20    changing incredibly fast because of the information  
21    revolution, because we are really shifting away from  
22    that hierarchal kind of structure. I mean, you can

1    see -- look at the (inaudible) of America. I mean,  
2    they came together all through the Internet and, you  
3    know, never had met before and they came together on a  
4    huge level. I mean, it's just -- it's really  
5    remarkable.

6                So I'm just -- I appreciate -- I really like  
7    the idea of going to the states. I can say on some  
8    level even I think it's probably what, you know -- I  
9    know Congresswoman (inaudible) people, you know, she  
10   does a lot of really great stuff at a higher level of  
11   organization, but we've been reaching out for a long  
12   time saying there are things we can do on a more  
13   individual need basis, so I don't want to get lose  
14   there.

15               I heard everybody talking and saying how  
16   great it was to have some younger people on this  
17   committee and I'm really struggling. What can I bring  
18   you if not, you know, trying to have a voice for what  
19   our younger generation coming home needs. So I just  
20   want to -- you're going to hear me continually talking  
21   about that. So let me know -- you know, if we  
22   need -- I think that's another way that we can really

1 have a lot of support or, I mean, that we can have some  
2 credibility. If we talk about having the  
3 administrator, somebody hire up support us, what about  
4 having this base somehow support what we're doing? I  
5 mean, that's huge, because that's really where the  
6 power comes from is the people that we're representing,  
7 the veterans. That's where our power comes from.

8 I don't know if that makes sense, but you let  
9 me know how we can help. Maybe in that letter we can  
10 give some examples, maybe in that letter we can give  
11 examples.

12 A PARTICIPANT: Let me make one quick point.  
13 John, you've referenced a couple of organizations we  
14 should be in front of. Student Veterans of America is  
15 another of those organization. So part of our job  
16 would be let's figure out who these two, or five, or  
17 ten, or twenty. Perhaps we should present to the ASBDC  
18 as well and let them know we're coming. So it's that  
19 sort of thing.

20 MR. CELLI: Did you want to say something?

21 MR. ST. JOHN: My name is Bruce St. John.  
22 I'm with the (inaudible). I would suggest, you know,

1   for your consideration maybe do two letters, do both.  
2   Write your own letter with, you know, John Garcia and  
3   other assuming that the recipients want to do something  
4   but don't know how, but just assume. If they knew  
5   about this the governor would want to do this.

6               A PARTICIPANT: Absolutely.

7               MR. ST. JOHN: For some reason they're not  
8   doing it today but this is -- this is a letter that  
9   would tell you how to do it. Then do the second letter  
10  from the SBA administrator and design the two so that  
11  they were (inaudible).

12              I will tell you from the VA's standpoint  
13  getting a letter out signed by the Secretary of the VA  
14  you may not understand -- you know, being (inaudible).

15   There are things we can't say, there are things we can  
16  say. This person has to look at it, it has to go to  
17  the North Pole to chill down. You know, it's a  
18  challenge getting a secretarial letter out to, you  
19  know, to the world.

20              The secretary is -- there is in process now a  
21  letter from the secretary to the Cabinet department  
22  encouraging them to count veterans in on the stimulus

1 package. Hopefully that will get out before the  
2 stimulus is spent, but it is -- and that is going  
3 forward to the secretary's office. So I'm going to  
4 shut up now because I know you're (inaudible).

5 MR. CELLI: Thank you, Bruce. Ron?

6 A PARTICIPANT: Actually I think I was next.

7 MR. CELLI: Oh, I'm sorry.

8 A PARTICIPANT: But this will be brief. But  
9 my only suggestion is the letter, it kind of builds on  
10 what John just said here, or I'm sorry, Bruce St.  
11 John -- is that the Secretary of the VA be somehow  
12 engaged in it, whether he endorses this letter -- if he  
13 endorses this letter from the SBA that would be huge.  
14 If he wants to provide input to it that also would be  
15 very important. But it's really as much responsibility  
16 of the Secretary of the VA as it is the SBA  
17 administrator to get behind this kind of letter, which  
18 goes out to states.

19 A PARTICIPANT: If you coordinate a letter  
20 from the SBA to the VA and other agencies you're  
21 talking months to get it all done.

22 A PARTICIPANT: You're well -- you're right.



1     He's right. Getting a letter out of here, I've talked  
2     to somebody who's acting administrator this morning who  
3     is still redrafting a letter in response to a letter we  
4     got in November.

5             A PARTICIPANT: Now let me throw out a  
6     thought, though, because I think, Bruce, you're right  
7     to a great degree. What I would suggest and I know  
8     we're turning this into a package letter, perhaps, and  
9     I'll take your input on this, perhaps I draft the  
10    letter to the state SBDC director, to the state  
11    director of veterans affairs, to the district  
12    directors. Perhaps the administrator drafts a letter  
13    to the governors. So if we kind of played the  
14    hierarchal role I might be able to get a letter out if  
15    I don't get caught. If I do get caught I'll have to go  
16    through some clearance process, so I've got to be  
17    careful how I write it. So that's just the take that  
18    (inaudible).

19            A PARTICIPANT: Now who is going to  
20    say -- who is going to respond to this letter and say  
21    we don't do shit? Nobody. They're all bureaucrats.  
22    They're all going to say that we do a great job. Then

1     what do we do?

2                 Would you respond and say we don't do a  
3     fucking thing for vets? I'm sorry. We're on record.  
4     I can't say that. I take it back.

5                 (Laughter.)

6                 A PARTICIPANT: I don't take it back. Who is  
7     going to say we're not doing anything for vets?

8                 MR. CELLI: Getting back to Bruce's  
9     suggestion, you know, sending the two letters, one is  
10    here's -- if you wanted some additional ideas to grow  
11    your programs here are some ideas, you know.

12                A PARTICIPANT: That makes sense.

13                MR. CELLI: Then, you know, maybe the letter  
14    coming from the hierarchy saying, oh, by the way, you  
15    know, how effective is the implementation of x, y, z,  
16    or whatever. I don't know. But it's something that  
17    can be --

18                A PARTICIPANT: Let me --

19                MR. CELLI: There are more lawyers in this  
20    room to draft this letter than we have in Parliament.

21                A PARTICIPANT: I was going to say I imagine  
22    we can't even decide what letter to send. Imagine how

1 long it's going to take figure out what it's going to  
2 say. Right now --

3 A PARTICIPANT: This paper here says  
4 trillions of dollars is going to be made available. Do  
5 we have any idea right now when this will occur and do  
6 we have any idea whether or not we're going to ask for  
7 any of these monies? I'll give you an example. When  
8 they had the markup at the House on the stimulus \$1  
9 billion was put in for direct loans. \$30 million was  
10 put in for training and employment of veterans and  
11 homeless veterans. That got knocked out, but  
12 somebody -- now we need to think about how we're going  
13 to get involved with this stimulus package and the VSOs  
14 can be our point people on this thing to get in and  
15 talk about this thing.

16 Last thing. The best thing that you could  
17 for veterans out in the field is come back to direct  
18 loans, direct loans out of the SBA.

19 A PARTICIPANT: Amen.

20 A PARTICIPANT: And we're already talking.

21 A PARTICIPANT: That's good, super. The  
22 other thing is if you really want to give this thing

1   some teeth, visibility, if you want to put them up just  
2   like Reagan did with the VA, start fighting for cabinet  
3   level.  It's going to be tough.

4                   A PARTICIPANT:  It's supposed to be announced  
5   next week.

6                   A PARTICIPANT:  Huh?

7                   A PARTICIPANT:  That's supposed to be  
8   announced next week.

9                   A PARTICIPANT:  Say here's the guy that  
10   operates in the VA world, I mean the VSO world and he  
11   and his comrades are the ones that go to these  
12   chairmans of these agencies, I mean committees, small  
13   business committee, veterans committees, and they're  
14   the ones that can make this happen.  We need to tap in  
15   more to these guys and go with them if necessary, but  
16   we need a piece of this pie right here.

17                  MR. CELLI:  All right.  So can we -- do we  
18   agree as a committee that we need to draft a or two  
19   letters so that we can put that kind of on our agenda?

20                  A PARTICIPANT:  (Inaudible.)

21                  MR. CELLI:  Do a check off and then move to  
22   the next issue?

1           A PARTICIPANT: I would just like to make a  
2 comment on the letter. Part of the reason that I was  
3 thinking that it should come from this committee is to  
4 introduce this committee to people. The bottom line is  
5 going to be who is going to do the oversight, and if we  
6 introduce this committee and say we are an advisory  
7 committee to the SBA, we do a report to Congress, we're  
8 looking at veterans, because if we pass this off to the  
9 SBA I think we've missed the opportunity to introduce  
10 the existence and -- the existence of this committee to  
11 the states. That's one subtle purpose of that.

12           The other is, yeah, assuming, and I don't  
13 think it would happen in our lifetime, but assuming  
14 that we got a letter that we liked out of the SBA's  
15 office we are -- what's going to happen after that,  
16 what's the follow up going to be, who is it going to  
17 be -- we're still going to have to introduce the  
18 committee if we're going to do any follow up.

19           Now my thought is if we go and say we as a  
20 committee have reached out. We are looking -- as  
21 advisors to the SBA we're going out here and trying to  
22 get this information, establish this relationship so we

1 can advise you on this, and that down the road when we  
2 want to pull the trigger on an SBA letter we've already  
3 got some credibility. I would be shocked if she is  
4 going to walk in as a new appointee and one of the  
5 first things she's going to do is write as a federal  
6 official to the state official on veterans issues to  
7 make it look like she's getting in their weeds, because  
8 that could just open up a whole Pandora box of  
9 political (inaudible).

10 We can do a letter amongst ourselves if we  
11 sat in here and agreed on it. We could write it today,  
12 sign it today, and have it out tomorrow as opposed to  
13 waiting months for whatever watered down version we may  
14 get out of the SBA.

15 MR. JUNGERS: Paul Jungers (phonetic) here.  
16 I agree with you on that. But, you know what, I want  
17 to open a Pandora's box, I want to stir it up, because  
18 if we don't it's all going to be business as usual. I  
19 mean, I --

20 A PARTICIPANT: We can -- she can.

21 A PARTICIPANT: Well, I think, you know -- I  
22 would like to, if you can, the National

1   Governors -- the National Association of Directors of  
2   Veterans Affairs is going to meet on the 22nd. They  
3   would be glad to have one or both of you there, or  
4   somebody there, to address the organization. There's  
5   going to be another veteran business development group  
6   out of California making a presentation. There's  
7   another group out there about vet biz development.  
8   They need to hear from you. I think you're invited,  
9   you always show up. Then let's get your letters to  
10   that group and then get it to NGA, at least from us,  
11   introducing who we are, and then we'll get the  
12   administrator on there.

13               But you know what, I want to put a fire under  
14   them. You know what you said just a few minutes ago  
15   and then you apologized for it, what's really funny is  
16   that when we're in Vegas, when you're in that meeting  
17   there, when everyone showed up there they all had coats  
18   and ties, they were very professional business guys,  
19   men and women. When we got in the room there and all  
20   of a sudden it's like they took the ties off and we  
21   became a bunch of grunts, pissed off because things  
22   weren't moving fast enough for us. A sense of urgency

1 was coming out of that room, wouldn't you agree? It  
2 was like we've got to do something here because this  
3 country has trained us as the truest entrepreneurs of  
4 all. You know, they show us how to get up at 2:00 in  
5 the morning and go to bed at 1:00 the next morning,  
6 work all day, all night, and tell us how to get  
7 something done but don't give us the tools do it and  
8 only say make it happen, you know. Improvise, right?

9               We are the truest entrepreneurs. We know how  
10 to make it happen, and I apologize but I get real antsy  
11 because I want this thing done yesterday.

12              MR. CELLI: Let me -- give me one second and  
13 I'll go right to you. I just -- I want to tie some  
14 dots together real quick for everybody.

15              We talked about the interagency task force a  
16 little bit and the interagency task force let me tell  
17 you why it was designed. It was specifically designed  
18 to get agency buy in for veterans entrepreneurship. It  
19 was supposed to -- it was designed to get a senior  
20 representative from each agency to sit on a panel to  
21 talk about how they were going to promote veteran  
22 entrepreneurship.



1           Let me tell you it was a tooth and nail  
2 battle almost to the death. There was a line in the  
3 sand on this issue that talked about -- they only  
4 wanted to have federal executives sit on that committee  
5 and we said absolutely not. If you don't have veteran  
6 service organizations, if you don't have, you know,  
7 real people sitting on that committee then it's going  
8 to be a check the block and nothing is going to get  
9 done and we will not support it and that will be the  
10 end of it.

11           So that's the only reason that extra seats  
12 are on that and we can talk more about that later, but  
13 in the handouts, I've given out some handouts, one of  
14 them is the new release, I think it came out yesterday,  
15 about what is in the Senate's version of the bill with  
16 a breakdown in dollars and numbers. There is very  
17 little veterans stuff in there. There is zero veteran  
18 entrepreneurship stuff in there.

19           The other things is Senate Bill 2300 that I  
20 passed out strictly for reference because this was  
21 developed under the 110th Congress. Now that we're in  
22 the 111th Congress this is solely a contracting bill

1 and the parts in here that are veteran-centric, there's  
2 a two pager that I just at a snapshot months ago  
3 developed and I thought it would be useful for you to  
4 cipher through this because these bills that are all  
5 now -- that have been expired in Congress have to be  
6 regenerated for the 111th Congress and that's starting  
7 to happen now.

8 Congress's first issue is the stimulus and  
9 the budget, and in the stimulus it is their intention  
10 to address some of the finance issues. If the finance  
11 issues don't get addressed in the stimulus that will be  
12 one of the first things that they look at. They're  
13 banking on the fact -- no pun intended -- that the  
14 finance issues get addressed in the stimulus, and I can  
15 talk a little bit about that in a second if you want to  
16 hear more about it.

17 The second thing they want to look at is  
18 training and outreach, and the third thing they're  
19 going to look at is contracting. Contracting is slated  
20 for right around the summer, maybe the end of summer.  
21 Outreach and training is slated for late spring,  
22 beginning summer. Then they will re-look at tying up

1 loose ends on finance after contracting.

2           So keeping those kind of benchmarks in mind  
3 we can talk about how our work is going to unfold,  
4 which also then goes into our agenda that talks about  
5 some of the working groups that we're going to create,  
6 very simple and it falls right in line with 106-50 and  
7 how our priorities are outlined. There were like three  
8 things or four things and one of them is access to  
9 capital, one of them is training, one of them is  
10 contracting, bonding I think is included in the access  
11 to capital.

12           So there are certain overarching  
13 responsibilities that we're looking at and those are  
14 the -- that's the way we kind of break down into the  
15 sub-groups. Jeff, I didn't want to take your time  
16 away.

17           MR. LINSKOTT: Linscott. I think  
18 maybe -- are we going to change the subject from the  
19 SBDC letters and that sort of thing?

20           MR. CELLI: We may change the subject.

21           MR. LINSKOTT: Whatever we -- well, that's a  
22 brand new legislative agenda.

1 MR. CELLI: That's what (inaudible).

2 MR. LINSOTT: My question is to the body who  
3 is -- in aviation or in a lot of different  
4 organizations there's a chief of stand eval, chief of  
5 standards, and the chief of standards supervises the  
6 instructors that work down at the grass, that teach the  
7 people who work at the grassroots levels. Who is the  
8 chief of standards for SBDC? Who is that person?  
9 What's his name?

10 A PARTICIPANT: Antonio.

11 MR. ELMORE: There's a gentleman named  
12 Antonio Dawson (phonetic) and it was referenced  
13 yesterday -- this is Elmore. This whole discussion  
14 about SBDCS, there's more language in the written  
15 agreement with SBA about what they are supposed to do  
16 and they are not held to any accountable standard on  
17 what they agree to do in the written agreement without  
18 the receipt of funds.

19 Pat, you're right, some are really good, some  
20 don't have a clue, and probably everything in between.

21 The idea of if these letters -- in fact I would  
22 suggest the letter go to SBDC, state director, and

1 district office, which is the triumvirate that John put  
2 together, and tell them to get together and figure out  
3 how to maximize their service delivery and outreach to  
4 veterans. So it's not just SBDC, but if you want to  
5 talk about what they do or don't do from a standards  
6 perspective we hold the SBDC office in front of you as  
7 a committee. It's as simple as that.

8 A PARTICIPANT: So we have an SBA SBDC  
9 office. Who do they report to?

10 MR. ELMORE: They report like I do to the  
11 administrator.

12 MR. MANCINI: Can I ask something? This is  
13 just a statement. This is Frank Mancini.

14 I see something ethically and morally wrong  
15 here that nobody -- nobody is seeing it and maybe  
16 nobody -- and (inaudible). The (inaudible) of small  
17 business development centers is a lobby of  
18 organizations that's not for profit that lobbies to get  
19 money and (inaudible).

20 A PARTICIPANT: (Inaudible.)

21 MR. MANCINI: Yes. They lobby to get money  
22 and what they think is that they lobby in the event of

1 helping possible new businesses that will come on line.  
2 They've got \$96 million and what I see morally wrong  
3 here is that we are begging Congress for a few bucks  
4 that we're still not getting to help veterans while  
5 this lobby organization has been able to get \$96  
6 million, which turns itself into \$250 million of  
7 matching donations from the rest of the -- donations  
8 that you would get from public sector, from other  
9 non-profits, from the community and so forth.

10           So for every dollar they get from Congress  
11 they match it and they raise money. Now some of these  
12 organizations are beautiful, they're great, they really  
13 have a great mission, but most of them, most of them  
14 they're just -- it's just a money revenue model.  
15 They're making money, that's all they're doing.  
16 They're making a living, I mean just like anybody else.

17    You should make a living, but to be a lobby  
18 organization, to get not for profit funds, to me it's  
19 morally wrong. It's ethically wrong, but it's been  
20 approved and it's there. It's absolutely a reality of  
21 fact.

22           I know you, by your facial expression you

1 disagree and I would like to hear it, but that's the  
2 reality of fact. That's what happens.

3 What I might say about it is that is not  
4 true? Have I said something that's not true? Because  
5 I know I'm going to say -- I mean --

6 A PARTICIPANT: You said something that's not  
7 true.

8 MR. MANCINI: Sorry?

9 A PARTICIPANT: You're saying something  
10 that's not true.

11 MR. MANCINI: No, I'm telling you what the  
12 SBA told me. We had the SBDC, the SBDC portion of the  
13 SBA, the brief from them. They actually briefed us on  
14 the process. They said you have --

15 A PARTICIPANT: They told you that the SBDCs  
16 were, the most, the majority of the SBDCs are  
17 (inaudible)?

18 MR. MANCINI: No, that's not what I said.

19 A PARTICIPANT: That it was morally and  
20 ethically wrong.

21 MR. MANCINI: What I said is that I find  
22 morally wrong that there is an association that

1 lobbies Congress for money, a non-profit.

2 A PARTICIPANT: You can have this opinion all  
3 day long but you're lying. That's --

4 A PARTICIPANT: If we could. I know Lloyd  
5 has been waiting to make a comment.

6 A PARTICIPANT: I've brought him all this way  
7 and now he's going to speak. Lloyd, would you be kind  
8 enough to introduce yourself and tell us what you do?

9 MR. CARDONA: Lloyd Cardona (phonetic). I'm  
10 the director for Secretary Garcia's veteran business  
11 development office in Albuquerque. (Inaudible) for us  
12 is Vet Pro (inaudible) programs.

13 What I'm hearing is there's a lot of  
14 frustration and a lot of energy, and that's important,  
15 that's good, but when I came on board about a year ago  
16 and the secretary tasked me with certain things. The  
17 very first thing that I did is I took a view of the  
18 landscape, of what the environment was. What I've come  
19 down to, and this is just my opinion and it's not so  
20 much the secretary's or anybody else's, my opinion,  
21 based on what I've seen and heard and felt is that we  
22 cannot depend, and most of you already know this, on



1 big brother to take care of our problems. They're too  
2 big. They've got a lot of issues, a lot of concerns.

3           So we have to at the grassroots level, with  
4 the state agency as the main catalyst because that's  
5 where the, you know, authority comes from in terms of  
6 validating what we do and how we do it, we have to take  
7 stock and say, okay, what are the disconnects. You can  
8 all sit here and say I know what the disconnect is, I  
9 know what the disconnect is. There's so many  
10 disconnects that until we actually sit back and look at  
11 it it will be hard to come up with.

12           So what I'm passing out here, and please take  
13 a copy of each of these things, is the things that  
14 we've done in New Mexico. Now what we've done in New  
15 Mexico is we said, all right, we have to depend on New  
16 Mexico to take care of this. So the secretary did  
17 engage the SBA, the small business development centers,  
18 private industry, the minority networks, you name it.  
19 He brought these folks in to collaborate. That was  
20 important because if you don't have that, those  
21 relationship and friendships it's like a battle. If  
22 you go into it alone you might not do as well.

1           So that's good. What you see before you are  
2 the successes that we've had in New Mexico. Keep in  
3 mind that we started really from ground zero with this  
4 and we have -- we are in the process -- this is what I  
5 think is key. We definitely need a state entry or a  
6 state piece in here, but we also need to find out  
7 what's not working effectively and why isn't working.

8           What we've done in New Mexico is we think we  
9 found a lot of the disconnects. What you see before  
10 you now are the results of literally 12 months of  
11 activity. Give me a month off of there for trying to  
12 figure out where things were at and who to talk to.  
13 We've been able to take care of ourselves because we  
14 know we can't depend on the feds as much as we would  
15 like to, but there's just too big and they've got big  
16 issues to worry about.

17           There isn't one key, one golden key that  
18 solves this. What it takes is resources at the state  
19 level I believe to go after this monster that we call  
20 the federal marketplace. And you're right, not  
21 everybody wants to be in the federal marketplace,  
22 there's a lot of issues. But I can tell you something

1   that is not on your papers in front of you, one of the  
2   things we're working in New Mexico is the bonding  
3   issue. Again big brother can't do everything all the  
4   time, so we've engaged private industry and they've  
5   stepped up to the plate and said, you know what, you  
6   bring us some folks and we will help get the bondings  
7   to a level they need to.

8               Then I get Los Alamos Labs calling me and  
9   saying I'm looking for a service-disabled construction  
10   company. Can you help me? I'm looking for one or two  
11   that could do this job.

12              Those are the relationships we've fostered in  
13   New Mexico. Yesterday I met with the Department of the  
14   Air Force. As most of you know the office of small  
15   business oversees about \$265 billion worth of dollars.

16   I sat down with the director and discussed a major  
17   project happening at Kirkland Air Force Base.

18              Our veterans can't do that. They don't have  
19   the resources to do that. They cannot just jump around  
20   and do things like that. The state agency can as a  
21   representative.

22              Then we took -- December 10th we partnered

1 with another federal office and we brought together 17  
2 service-disabled veterans and we flew them at no  
3 expense to them to Andrews Air Force Base where they  
4 met with five federal procurement folks from the  
5 (inaudible) offices. They had a lunch or a dinner  
6 rather. They came back to New Mexico empowered with  
7 more information than they ever could have got on line,  
8 that they ever could of got from somebody that doesn't  
9 know what they're talking about because, let's face it,  
10 there's some folks out there that just don't have a  
11 clue.

12           Those efforts are the things that are going  
13 to connect the dots. The secretary is fond of saying  
14 connect the dots. Hopefully it's not a reference to my  
15 Air Force career, but we've really found the things  
16 that matter.

17           We all know about public laws until we're  
18 sick in the, you know, blue in the face, but do we know  
19 who to talk to? Do we know where to -- I have guys in  
20 Albuquerque calling the VA hospital in Albuquerque and  
21 just frustrated to no end and really the person they  
22 should be talking to is somebody in Mesa, Arizona.

1 Little weird things like that, but they make such a  
2 huge impact on our community.

3           So what we've done is listened hard. The  
4 state is a major, major player in this thing. You'll  
5 see there's a little e-mail in there from one of my  
6 customers, one of our clients. That's just one  
7 example. I had another guy who owed \$265,000. One  
8 phone call from a state agency got people's attention.  
9 Once it got their attention in the right focus our  
10 veterans began to benefit from that.

11           Fiscal year, last year, New Mexico set asides  
12 for service-disabled vets totaled perhaps four, and I'm  
13 being generous probably. Today we've had five in the  
14 first quarter. That's because the awareness level has  
15 been jacked up. The fire has been turned on a little  
16 bit and the feds know, you know what, somebody is  
17 watching and somebody is asking questions and it's not  
18 from a for profit guy, it's not some not for profit  
19 guy, it's a state agency. I pick up the phone and  
20 depending on who I'm talking to I'm calling on behalf  
21 of the secretary's office, I'm calling on behalf of the  
22 governor's office, and you would be surprised at how

1 people sit up and pay attention.

2                   So that's what we're doing in New Mexico. I  
3 think, the secretary and I have had this discussion, if  
4 you had to do one model, a model of partnerships,  
5 collaboration, all the things we're doing, this is a  
6 good, solid model because we've seen the results. You  
7 know, I've listed some of our clients there. You know,  
8 \$4.5 million, again coming in from the private sector,  
9 a retired Air Force guy. We were looking at where the  
10 disconnects were and now we're bringing in federal  
11 dollars. When we get the feds calling us, when we get  
12 private industry calling us saying, Lloyd, we do \$100  
13 million a year, I want to team up with your  
14 service-disabled vets in IT. Lloyd, we do \$1.3 billion  
15 a year. How can we get your veterans engaged in our  
16 company so we can go after federal contracts?

17                   It has happened before and it's happening now  
18 because we have the authority or the state seal behind  
19 us saying, hey, here we are, do business with us. I  
20 dare the federal government -- when I came on board I  
21 told the secretary we're not going to give the feds a  
22 reason not to use us. That's why the contract at

1 Kirkland, it's Kirkland Air Force Base, \$200 million,  
2 that's why I met with the Air Force yesterday because I  
3 don't want this thing to hit and we're sitting there  
4 going where did that come from.

5           So we're taking a very proactive, a very  
6 strategic minded approach to taking care of our veteran  
7 business owners in New Mexico. We don't need to beg  
8 for the federal dollars, right, because they're already  
9 flowing into the state, \$6 billion in New Mexico, 9 in  
10 Arizona, \$49 billion in Texas. My ultimate goal is to  
11 get as much of all that money to the State of New  
12 Mexico and we can do it.

13           I don't think we would be as successful if we  
14 didn't have a state agency sitting there saying, you  
15 know what, we're here.

16           A PARTICIPANT: So what do you want this  
17 committee to do?

18           MR. CARDONA: Well, I think the  
19 committee -- what (inaudible) recommendation for,  
20 because I've heard a lot of things here, is first of  
21 all I think the term advisory committee, the word  
22 advisory, the secretary and I had this discussion, that

1 needs to go in some capacity.

2           Now second you need some action items. We  
3 want to create, we want x, y, z accomplished and this  
4 is why, and then engage your governors at your states  
5 that engage your congressional delegation and make it a  
6 really, you know, multifaceted approach to attacking  
7 this problem. Let's face it, if you're not big nobody  
8 is listening to you. But if the governor calls, if  
9 your legislative folks call, then people start paying  
10 attention.

11           In New Mexico we've created what we call  
12 veteran enterprise groups and they're also going to be  
13 our emergency enterprise groups for veterans. They're  
14 loosely doing their own thing. We've brought them  
15 together. They're the voice that people are going to  
16 listen to. The list I gave you, that's just a short  
17 list. If you went on line you'll see a longer list.

18           But we're going to try to do this for our  
19 feds, the federal dollar that are in New Mexico. We're  
20 going to make their job easier. We're going to be a  
21 resource for them, we're going to help them. I'm not  
22 going to get into butting heads, turf issues, it's all



1 about how can I help. When I get a call from the  
2 Southwest region, the VA hospital, the VA folks, and  
3 they want my input that speaks volumes because usually  
4 they don't want to talk to you, but because we're a  
5 state agency there's nothing there. It's all about  
6 taking care of our vets and that speaks volumes.

7 MR. CELLI: Thank you, Lloyd. I'm going to  
8 give -- yeah, I'm going to give Ron a chance to say  
9 something but it's time on our agenda for a hard stop  
10 for lunch. Believe me, I can go on all day but I know  
11 that there are some folks here that, you know, that  
12 have other things that they've planned to do for lunch,  
13 maybe catch up on e-mail, get something to eat,  
14 medications, whatever. You know, I need my medication  
15 right about now.

16 A PARTICIPANT: Do I have time to get my  
17 drugs?

18 A PARTICIPANT: I recommend that the letter  
19 this committee sends out includes these two  
20 attachments, the New Mexico attachment and the Arkansas  
21 (inaudible) attachment.

22 MR. CELLI: Sure.

1           A PARTICIPANT: Can we get an update after  
2 lunch, can we get Joe to brief us on what's going on on  
3 Capitol Hill and the legislative process, because he  
4 made a couple of statements a while ago that's very  
5 interesting to me.

6           MR. CELLI: Absolutely. I think you're the  
7 right man for the job.

8           A PARTICIPANT: We can do it now or after  
9 lunch, whatever works.

10          MR. CELLI: That's up to you guys. Yeah, we  
11 have Calvin Jenkins coming at 1:00. But, I mean, we  
12 have plenty of time built in to accommodate that.  
13 Again, I'm absolutely cool with that. I personally  
14 really don't (inaudible). It's really up to you guys.  
15 I just didn't want to kind of --

16          A PARTICIPANT: I propose that we do a  
17 working lunch and you can go down to Potbelly's and get  
18 a sandwich and everybody meet back here in about 15  
19 minutes and then those that are available, I understand  
20 people might have prior plans, but those that are  
21 available can sit here and eat their sandwiches and  
22 just --

1           A PARTICIPANT: Well, it is five until. I  
2 bet you he could do this in less than five minutes.

3           MR. CELLI: I've got five past.

4           A PARTICIPANT: I bet you we could take a  
5 whole 45 minute period. I say work through lunch  
6 but --

7           MR. CELLI: Five past, not that that five  
8 minutes makes that much of a difference.

9           A PARTICIPANT: Well, she just made a  
10 suggestion.

11           A PARTICIPANT: Yeah, so back by 12:20,  
12 everyone get Potbelly sandwiches and then come back to  
13 continue the business of the committee?

14           MR. CELLI: Yes, I'm fine with that.

15           A PARTICIPANT: So I'm heading to Potbelly's  
16 if anyone one wants to come.

17           (A luncheon recess was taken.)

1 A F T E R N O O N S E S S I O N

2 MR. CELLI: Absolutely our pleasure and honor  
3 to have Mr. Jenkins, and welcome.

4 MR. JENKINS: Great, thank you. Good  
5 afternoon. Good afternoon.

6 PARTICIPANTS: Good afternoon.

7 MR. JENKINS: There you go.

8 MR. CELLI: The bar has been set high.

9 MR. JENKINS: It's a real pleasure to be here  
10 to talk to you this afternoon.

11 We have been engaged in several things in the  
12 office of government contract and business development,  
13 and specifically which affects all of us in the  
14 procurement arena is the accuracy of the federal  
15 procurement data. It's something we started literally  
16 three years ago working with the various agencies to  
17 try to ensure that the data is as accurate as possible.

18 Even to the standard 2005 when we did ask agencies to  
19 go back and look at the data, we saw almost \$4.5  
20 billion, which we had to adjust the small business  
21 building report.

22 There's constant criticism of the agency of

1 not being watchful of the other agencies in terms of  
2 what they're putting into the system and what actually  
3 small business is achieving. So we continue that  
4 effort. We're working with the office of federal  
5 procurement policy to ensure that agencies certify  
6 their data and that they go back and have a quality  
7 control program that kind of ensures that the data is  
8 accurate.

9           We still have a number of concerns there, so  
10 any of the data that I give you today -- I'm going to  
11 hand out a couple of sheets here which show some of the  
12 information that's actually -- can you reach that?  
13 Over the last six or seven years, there's a couple of  
14 (inaudible) going based on the dollars as well as  
15 percentage. The column that's in yellow is preliminary  
16 data for 2008. When you see that data it will rise,  
17 raise some concerns.

18           We have been working with the FAR counsel to  
19 try to get to something we call parity on terms of when  
20 you look at the Small Business Act and you look at the  
21 SBA's responsibility, they have a number of programs  
22 that we're trying to administer as fairly as possible.

1 But there are concerns that the HOV Zone program has  
2 priority over a number of the other programs, including  
3 small business set aside, 8A, as well a  
4 service-disabled veterans.

5 So we introduced a FAR rule last year to ask  
6 for parity and allow SBA to administer those programs  
7 based on the agency's performance against their goal.  
8 If they're coming short in one particular area our  
9 strategy was to ensure that they not just keep loading  
10 up one particular category, that they spread it out to  
11 meet the goals.

12 That has been stopped and literally stopped  
13 cold based on a GAO ruling, which again kind of gave  
14 rise that HOV Zone programs have a priority. We're  
15 working with folks such as DOD, GSA, to see if  
16 potentially some legislation could be crafted that  
17 would sort of go back to get to parity so that we can  
18 administer based on (inaudible) versus just having the  
19 contracting officer just load up one side. HOV Zone to  
20 get loaded up, there's no cap. When you meet the goal  
21 you just keep going. So our concern is that the other  
22 areas will come up short. So hopefully we'll get

1     there.

2                   The data that you'll see, the yellow part, is  
3     preliminary data. I'm personally a little concerned  
4     over the data. When you look at 2007 and you compare  
5     it to 2008 you will see a significant increase, from  
6     3.8 billion service-disabled veterans to 6.4 billion.  
7     That's a significant increase.

8                   So we've gone back and asked the agency to  
9     kind of look at this data. We've developed some  
10    anomaly tests, 35 different tests that we're asking the  
11    agency to run against the data to see if in fact these  
12    numbers are true. If they are true certainly it would  
13    be a significant increase.

14                  MR. CELLI: So what -- this is Louis Celli.  
15    What types of anomalies would cause the inflated data?

16                  MR. JENKINS: Well, we see some things in  
17    there where one flag may show up as that the firm,  
18    let's say the (inaudible) disabled-veterans but another  
19    flag would show up as other than small. So there is  
20    those kinds of -- there's literally a whole string of  
21    sort of data fields in the FTDS data. Normally what  
22    happens in the procurement systems is they're pulling

1 sort of off two places but they're not tagged together.  
2 They're pulling from FORCA (phonetic), which is the on  
3 line registration and certifications, and then they're  
4 pulling from CCR, but at the bottom of just about every  
5 contract performance system the contracting officer has  
6 the ability to override at the bottom. These are  
7 because of data entry errors they are overriding and  
8 it's giving us these toss ups.

9               So we're asking them to look at it and we  
10 also see the conflict on the other side as well, where  
11 they're showing that the firms other than small and we  
12 show, see evidence that they're small. So we're trying  
13 to get some balance and see --

14               MR. CELLI: It's an education thing.

15               MR. JENKINS: That's exactly right. We'll be  
16 doing more training with a lot of the federal agencies.  
17 We're trying to maintain 66 PCRs around the country.  
18 Congress of course wants us to hire another 100 under  
19 the previous Congress. I'm not sure if that thinking  
20 will continue in terms of more PCRs. There is a lot of  
21 buying activities out there and 66 PCRs we're able to  
22 hit the major ones on 5 billion and up, but there are a



1 lot of smaller ones that we need to look at as well.

2 When we look at the percentages, as you can  
3 see the percentage is going up as well, certainly below  
4 the statutory goal, which continues to be our concern.

5 When we look at federal procurement over the last  
6 seven years the government, the federal government has  
7 actually only consistently met one goal and that's the  
8 small disadvantaged business. They haven't met HOV  
9 zone, service-disabled veterans, or vet small business.

10 The numbers on the small business, the  
11 preliminary numbers, unofficial numbers, I'm going to  
12 keep referring back to, is not good for 2008. It's  
13 roughly about I believe 20 percent, well below the  
14 statutory of 23 percent. Yeah, roughly 20 percent.  
15 Some of that had to do with cleaning up the data, some  
16 of it had to do with the contracting officers hopefully  
17 doing a better job in seeing it, but certainly it's  
18 below the statutory limit.

19 The total pool and DOD and in other larger  
20 agencies commonly refer to this as the what's available  
21 for small business went up from about \$378 billion in  
22 2007 to \$450 billion in 2008. So there's a significant

1     increase and a lot of it was the Department of Defense.

2     I think they accounted for about \$69 billion of that,  
3     that increase, almost (inaudible).

4             So we're certainly concerned with DOD. We're  
5     working with DOD. One of the things you do need to be  
6     aware is when we set goals for the federal government  
7     SBA is really only concentrated on one side of the  
8     statutory requirement, which basically talks about the  
9     goals. The other side of the equation, which the  
10    agencies are (inaudible) to consider is the maximum  
11    practical opportunity. That means in that base of  
12    let's say \$453 billion there are some items in there  
13    that small businesses don't produce at all but it's in  
14    the base. So we're working with the agencies, one to  
15    try to identify what those items are on the DOD. I  
16    mean, you've got the jet fighters, the F22s, the F35.  
17    You've got battleships, you've got all kinds of large  
18    platform buys in some cases embedded in that number.

19            The only thing we've taken out or the GSA  
20    system has taken out is contracts that are in military  
21    sales, contracts that are excluded by statute. There  
22    are certain agencies that are excluded from that as

1 well, not large agencies. DOD is still 70 percent of  
2 the whole ball of wax.

3           So we're working with the agencies to try to  
4 get a little bit more truth in the numbers and saying  
5 what is truly out there available for small business  
6 and therefore we should be setting those goals with the  
7 individual agencies based on that. It still means we  
8 have to come up with the statutory goals across  
9 government, which is the 23553 and 3. No matter what  
10 the agencies do we still have to negotiate government  
11 wide those numbers, but in some cases where we have  
12 agencies at 30 percent it could mean that they're  
13 really at 25 percent in terms of goals and achievement.  
14   So we'll continue to work there.

15           Also I have a couple of just background on  
16 the veterans program, just veterans in general in terms  
17 of the dollars and percentages as well. Again we see  
18 the growth is large. It's about a \$3 billion increase  
19 from 2007 to 2008.

20           Some of the things the SBA is continuing to  
21 work on, we started in 2007, which is the small  
22 business (inaudible) report. One of the things we

1 looked at is how do you put some transparency in the  
2 system and really have the public and the Congress  
3 really home in on those agencies that are actually  
4 doing the procurement, and as I mentioned coming up  
5 short and those agencies that are doing very well. A  
6 lot of times when the government fails to meet these  
7 goals the SBA is the one that (inaudible) the tab. We  
8 don't do \$450 billion. That would be in total. We do  
9 about \$85 million in contracting as an agency.

10               So what developed was a scorecard. Agency by  
11 agency we looked at the agencies and required that they  
12 submit reports to us, require that they send plans to  
13 us as how to they were going to meet their goals, how  
14 they're going to train, do outreach to the various  
15 groups, and then we scored them. We actually put a  
16 team together of other agencies as well as SBA  
17 personnel to rate pretty much all of their plans and  
18 then score them at the end once we get the actual  
19 numbers.

20               That was a significant, important thing for  
21 us to do. We also in the previous year, which went  
22 into effect June 30, 2007, which is significant and

1 we're now just seeing the impact of it, was the, what  
2 we call the re-certification rule. That was  
3 significant because it changed the dynamics since  
4 central procurement began, and that was when you bid on  
5 a contract and you're small forever no matter if you're  
6 acquired by a larger business or if you've outgrown  
7 that size stated during the life of that contract it  
8 was always hard coded as small business throughout the  
9 life.

10           What we did was is you are acquired by an  
11 other than small company you have to notify the  
12 contracting officer and going forward the contracting  
13 officer to no longer count that contract as small. Our  
14 hope there is that in order for the agency to continue  
15 to meet their goals they're going to have to look for  
16 other small businesses to make up for those numbers.

17           We did not want to prevent or slow down  
18 growth of small businesses, so we kind of gave a pass  
19 in the base five year contract that said if you were  
20 small when you get the contract and you outgrew that  
21 during the life, not through acquisition, we would  
22 allow those contracts to remain small, so that the

1 contracting officer didn't make any decisions to cancel  
2 the contract in order to get other small businesses.

3           So that was a significant change and we hope  
4 that's also affecting these numbers, why the government  
5 hasn't met the -- isn't meeting the 23 percent goal  
6 across the board.

7           Other areas, certainly we're looking at a  
8 number or programs. We're working almost weekly if not  
9 daily with the government accountability office and  
10 they're looking at certain areas. The areas that  
11 they're currently homing in on is the 8A program, the  
12 HOV zone program, and also service-disabled veterans.  
13 There is a team within GAO called the forensic unit.  
14 They're more the investigators. They have set up this  
15 hotline and they have seen -- they're asking others if  
16 they know of fraud and are aware of fraud to call the  
17 hotline. If someone is representing themselves as one  
18 of those (inaudible) notify them and they'll actually  
19 do an investigation.

20           GAO has done significant work in the HOV Zone  
21 program and we are literally rebuilding that program  
22 from the group up. There was significant holes in the

1 program. When it started the idea was to have a  
2 paperless system, an electronic system in terms of  
3 application. That system created an environment where  
4 someone could put a perfect application in the system  
5 and that application would go straight through and no  
6 one would actually verify the information.

7 GAO created six companies and put them  
8 through the system and they went through and they were  
9 certified. The companies aren't legitimate companies.  
10 We also saw cases where companies had the address as  
11 Starbucks, which were not legitimate companies, in  
12 order to try get the contract.

13 Our concern was that by going to an  
14 electronic system SBA was not verifying two principle  
15 requirements of the program, the 35 percent employed  
16 and the actual location of the program. We've since  
17 slammed the whole process to the far extreme, to the  
18 point that we were -- prior we were doing a case in  
19 probably 15 days, including asking for some supporting  
20 documentation. Now we're doing about one case per day  
21 per specialist, which has created a huge work in  
22 process for us. We're working with the business

1 process re-engineering team right now, which we hope  
2 will help us come off of that, speed up the process but  
3 at the same time put the necessary controls in that  
4 only eligible firms get through the system.

5 I'm not sure what the Congress will do with  
6 some of these items. The issue of self certification  
7 has always been a big issue for either -- depending on  
8 who you speak with. There are a lot of folks who are  
9 for it, there's a whole bunch of folks who are against  
10 it. We will continue to do whatever the statute  
11 requires, but certainly SBA needs to balance off in  
12 terms of its resources.

13 MR. ELMORE: Calvin?

14 MR. JENKINS: Yes?

15 MR. ELMORE: Bill Elmore. Just a question to  
16 help you, sort of a context to your presentation.  
17 There has been an ongoing discussion now for the last  
18 year or two about certification or self certification  
19 or verification on the service-disabled vet program. I  
20 think sort of where we've been with HOV Zone, going  
21 from an all electronic system to now a completely  
22 manual system and the impediment that presents to how



1 somebody competes in the federal marketplace is  
2 probably germane. If you can touch on that in your  
3 presentation.

4 MR. JENKINS: Yes, it's no question. I mean,  
5 when you put a process in place -- and the process  
6 we're using for HOV Zone is the process for 8A. We're  
7 basically took the 8A process, applied to HOV Zone.  
8 That process, if it works perfectly we can do an  
9 application in 90 days.

10 HOV Zones you have the two additional items.  
11 Like I said, you want to eyeball the payroll to verify  
12 that. It has really slowed the process and what  
13 happened when the program was built it was resources  
14 versus risk. So the thinking was based on the level of  
15 resources we would take more risk and now we're kind of  
16 saying we may not be, have that luxury of making that  
17 kind of decision.

18 We have the challenge for service-disabled  
19 veterans and we have the challenge ultimately with the  
20 SBA to get the women's small business program up.  
21 There are literally tens of thousands of women firms  
22 and we currently don't have the resources to try to

1 (inaudible) those (inaudible) federal procurement,  
2 which is really the key there.

3 MR. CELLI: Louis Celli again. Certification  
4 is a huge issue that, you know, can be debated in here  
5 for hours at a time, but it sounds to me like the  
6 federal government is moving in a direction where  
7 certification makes them feel comfortable. I know that  
8 in private industry they look to certification as kind  
9 of a stamp of approval in some way. I understand the  
10 challenges with regard to HOV Zone and fraudulent  
11 activity, bad people doing bad -- I mean, that's why  
12 the FAR is over 200,000 pages, because it has to  
13 protect from people doing bad things.

14 But if there is going to be a built in  
15 mechanism to certify veteran business owners that the  
16 VA is providing at no charge to the SBA, if you talked  
17 about value versus opportunity or --

18 MR. JENKINS: Resources.

19 MR. CELLI: Resources, thank you. Then is  
20 there discussion, is there some kind of real looking at  
21 the VA and saying let's just adopt it? Is there  
22 something that is working at your level to say, well,

1    you know, if the VA built it, and they spent the money  
2    on it, and they're checking all the blocks that are  
3    absolutely necessary, that we believe are necessary for  
4    a solid certification process we can save them money on  
5    it, we'll just point it over to them.

6               MR. JENKINS:   Sure.

7               MR. CELLI:    Is that discussion happening now?

8               MR. JENKINS:   Yes.   We had some discussions,  
9    unfortunately they stopped, you know, before we could  
10   get some of this in place.   But there were a number of  
11   discussions with VA in terms of how VA and SBA could  
12   work together to rely, because you're exactly right.  
13   When we get a service-disabled veteran's protest the  
14   first call we make is to VA to try to get the  
15   information verified, whether or not the firm is --

16              And so the idea was how can we as two  
17   agencies work together on this to ensure that the firms  
18   are actually eligible.   It's been a difficult thing for  
19   us depending on how VA provides documentation.   We've  
20   had cases where literally individuals have given us  
21   documentation and if you don't look closely you would  
22   accept it and we found it was totally fraudulent, the

1 documents. It had VA letterhead on it but there were  
2 conflicts in information. So we need to go to the  
3 agency itself and say we need your directive for the  
4 SBA.

5 MR. ADAMS: Sir, Paul Adams. Are you aware  
6 that some of the states do not recognize as a  
7 disadvantaged category, whatever it is, unless it has a  
8 certification from the federal government? For example  
9 the State of Nevada does not recognize service-disabled  
10 vet owned small businesses and if you asked them why  
11 they would say because there is no certification  
12 program from the federal government, therefore we don't  
13 consider that to be a category of businesses that we  
14 are going to reach out to.

15 MR. JENKINS: No, I wasn't aware. I knew  
16 there was a lot of issues with the SDB program and  
17 we're certainly hearing a lot of them since SBA sort of  
18 pulled out in October of 2008, but I hadn't heard on  
19 the service-disabled veterans.

20 We're still struggling with SDB. We felt we  
21 had to pull out of SDB for a number of reasons. One,  
22 the benefit, the direct benefit on what we were being

1   reimbursed for, SBA was performing the service on  
2   behalf of the other federal agencies and what we were  
3   being reimbursed by those agencies, that benefit had  
4   gone away. So from an appropriations standpoint we  
5   were in a box that we couldn't continue to certify  
6   these firms and certainly could not expend SBA funds to  
7   do it.

8                   So we pulled out, but there are still  
9   concerns that the large business primes are saying we  
10  still want to see a certification from SBA for the SDB.

11                  MR. ADAMS: If I could just another comment  
12  is that the -- there are some large primes in the  
13  contracting industry and I've talked to one of them in  
14  Nevada about this same thing, that because there's no  
15  certification they don't set a target for  
16  service-disabled vets. They couldn't care less with  
17  what happens because is the federal government won't  
18  certify it then they're not interested in it.

19                  MR. JENKINS: Yeah, I'm not -- I'm not sure  
20  what the Congress is looking at on that. I know  
21  internally SBA we -- we're sort of walking the  
22  tightrope a little bit in the sense of again resources

1       versus what can we do.

2                   MR. ADAMS: I believe that one of the  
3       comments from the VA was that they were basically using  
4       the 8A approach and they were running it through to  
5       make sure they was a service-disabled veteran involved.

6       Would it be possible for simply again to do -- what  
7       Louis was asking is simply say if the VA verifies it  
8       the SBA will certify it and now you've got -- because  
9       people don't understand verify. They're looking for  
10      certified.

11                  MR. JENKINS: Right.

12                  MR. ADAMS: We're all certifiable, I know  
13      that.

14                  MR. JENKINS: Right. Our problem right now  
15      is we don't have -- we don't necessarily have statutory  
16      authority to do that and that's where we're kind of  
17      stuck.

18                  MR. CELLI: You are now -- this is Louis  
19      again. You are now really getting into the types of  
20      questions that we are going to be asking you when it  
21      comes to statutory obligations.

22                  One thing you said that really took me aback

1 a second, now the regulations, the laws have always  
2 talked about service-disabled veteran and veterans  
3 being self certifying. That has never changed since  
4 the beginning of our program. While some of us  
5 believe, some of us don't believe that there should be  
6 a certification process.

7 To digress for just a second, what is now  
8 starting to crop up are gold level certification and  
9 private types of certification, which are coming at an  
10 expense either to the participant or to the business.  
11 So people are trying to create entrepreneurial  
12 opportunities based on that need and based on that  
13 (inaudible).

14 But something you said really took me aback  
15 and that was, you said that you were doing  
16 certifications but for money purposes and lack of  
17 reimbursement purposes you pulled back from that.  
18 Could you talk about that just a little bit more?

19 MR. JENKINS: Sure. That dealt with the  
20 small disadvantaged business program. After -- this is  
21 going back a little bit, but after the Adelrain  
22 (phonetic) discussion on raced based programs in the

1 federal government, we had the 8A program and we had  
2 the SDB program. We were able to separate the SDB from  
3 8A, a different program. But the SDB program, Justice  
4 was concerned that no one was certifying. So when you  
5 compared all the things that 8A had it really came up  
6 short on the SDB side.

7               So what -- the plan of the Clinton  
8 administration was that all the federal agencies were  
9 required to do certification on SDBs, but in the  
10 alternative they can come to SBA and they were  
11 encouraged to come to SBA because SBA had the 8A  
12 certification process down. So we created a whole unit  
13 for SDB certification, but from day one we received  
14 reimbursements from the other agencies. It was coming  
15 in from -- probably the 20 top agencies literally gave  
16 SBA a reimbursement and it was in the millions of  
17 dollars. The cost of the program was significant.

18               MR. CELLI: That's half your budget now.

19               MR. JENKINS: Oh, yes.

20               MR. CELLI: That was a cheap shot. I'm  
21 sorry.

22               MR. JENKINS: We get that everyday.



1           A PARTICIPANT: Could you clarify SDB, is  
2   that service-disabled business or small disadvantaged  
3   business?

4           MR. JENKINS: I'm sorry, small disadvantaged  
5   business. So when we began the certification process  
6   probably in 1999 a significant amount of dollars went  
7   into it, but in fact we only certified probably about  
8   3,000 firms out of what the government or Jeff's  
9   department, at the time the White House, had beliefs  
10   that it would be over 50,000 firms if you look at the  
11   number of minority businesses in CCR.

12           December 9, 2004 all of the federal agencies  
13   with the exception of NASA, Coast Guard and DOD lost  
14   the statutory authority to use the price evaluation  
15   preference, meaning the only true tool they lost that.

16   So firms were being certified for that certification  
17   under the federal prime and wasn't able to get any  
18   benefits for it. There wasn't any direct benefit.

19           The contracting officer let's say at HHS  
20   could not do anything special for an SDB, other than if  
21   it was an 8A, but couldn't do anything special for an  
22   SDB. So firms started complaining why are we going

1 through this expense. You still had a whole group of  
2 firms who needed it for subcontracting, who felt they  
3 had a need for subcontracting.

4           So over literally two years of doing back and  
5 forth discussion within the administration and it was  
6 agreed that SBA would pull out of the certification.  
7 Now it left NASA, Coast Guard and DOD. When you go  
8 back through the federal procurement data system and  
9 you look at what the agency did for SDBs, we were able  
10 I think to find in two instances where of the three  
11 agencies they used the price evaluation preference over  
12 an extended period of time, and that was NASA. They  
13 applied it to the procurement, but it wasn't the basis  
14 for the award. The firm was already the low bidder, so  
15 the 10 percent didn't have any bearing.

16           MR. CELLI: They would have gotten it anyway.

17           MR. JENKINS: They would have gotten it  
18 anyway. So the agency basically -- and DOD was the  
19 driving force to say, SBA, we can't continue to pay you  
20 for something that there's no benefit. So we pulled  
21 out October 2008 and allowed any agency who still had a  
22 need for it to actually go back to the original. Our

1 thinking is that they would themselves do the  
2 certification. SBA will train them.

3 But it allowed us -- on the one hand it was,  
4 it kind of worked great for us because we were able to  
5 immediately move about seven, eight employees from the  
6 SDB program to the HOV Zone program.

7 MR. CELLI: Oh, yeah.

8 MR. JENKINS: HOV Zone was going down really  
9 fast and we were able to short that up with some  
10 additional resources.

11 MS. LEWIS: I wanted you to go back, go back  
12 right there, because I didn't really understand. You  
13 said that NASA --

14 MR. CELLI: Your name?

15 MS. LEWIS: Valerie Lewis. You said that  
16 NASA, Coast Guard and DOD lost --

17 MR. JENKINS: No, they still have the  
18 authority. They were under a separate authorization  
19 bill.

20 MS. LEWIS: Right, and that's part of my  
21 question. So they have the authority and you're  
22 talking about this authority that they lost

1 specifically led to (inaudible).

2 MR. JENKINS: Small disadvantaged.

3 MS. LEWIS: Small disadvantaged businesses?

4 MR. JENKINS: That's correct.

5 MS. LEWIS: And how does that play into their  
6 goals and requirements? Are you saying that NASA,  
7 Coast Guard and DOD are not subject to, you know, the  
8 service-disabled veterans 3 percent goal?

9 MR. JENKINS: No.

10 MS. LEWIS: Well, one of the things that came  
11 up and the reason why I asked the question is because  
12 (inaudible) for that particular authority and they  
13 combined the women's program and they got this whole,  
14 you know, small business women's 8 percent goal  
15 requirement. That requirement, that goal or  
16 requirement was prior to the legislation they put in  
17 effect for service-disabled veterans and the HOV Zone  
18 program. I wondered if -- that's the second part of my  
19 question. Has your office taken into consideration  
20 increasing NASA, Coast Guard and DOD in regards to  
21 the -- even though we know that they not making any  
22 more.

1           MR. JENKINS: Right. You're exactly right.  
2   There are a few agencies that are not meeting the goals  
3   by a significant amounts. NASA -- first I'm going to  
4   talk about small business and then we can go down.

5           When we think of the federal government and  
6   all the agencies out there, we have agencies such as  
7   the Department of Energy, NASA -- I believe NASA small  
8   business achievement is about 16 percent. The  
9   Department of Energy small business achievement is  
10   close to 5 percent, even though there's a government  
11   wide bill of 23 percent. So that was of significant  
12   concern to SBA.

13           The problem -- I do want to separate -- when  
14   I talk about the SDB it's just the small disadvantaged  
15   business. What happened was DOD and the Coast Guard,  
16   they're under separate legislation that expires at the  
17   end of this year.

18           MS. LEWIS: Absolutely.

19           MR. JENKINS: At the end of this year  
20   that -- unless they go in for re-authorization. Now  
21   the problem with DOD, I don't think it's going to go in  
22   for the re-authorization because one case just got

1 decided, and the judge has not issued the order yet,  
2 but that's the Rothery (phonetic) case. The Rothery case  
3 went after the SDB 5 percent and the use of the SDB  
4 program at the Department of Defense, I think their  
5 provision 1207 of their authorization act. That's a  
6 significant case. (Inaudible) 8A, so we're kind of  
7 putting that aside.

8           We argued early on when that case was first  
9 filed to separate 8A and get it out of there, it's only  
10 SDBs. My understanding is the Department of Justice is  
11 not appealing the ruling in Rothery, and if that's the  
12 case it's going to be very difficult for DOD to come  
13 back at the end of this year and say we still want SDB  
14 legislation.

15           DOD for the last seven years has met the SDB  
16 goal of 5 percent, met or exceed it, without the use of  
17 any tool, without the use of any price evaluation  
18 preference or SDB set aside. So it's difficult to  
19 argue for a tool that you're not even using. So I  
20 think you have the issue there. The service-disabled  
21 veterans are 3 percent. Our concern there is again the  
22 agencies have a tool and I think there was a lot of

1 confusion within the federal procurement arena and  
2 that's why SBA was pushing for the parity rule.

3           The parity rule says you have authority, the  
4 law says you can set aside a contract for  
5 service-disabled veterans. But what was driving, you  
6 had this HOV Zone program out there screaming and  
7 yelling that they have priority over everything. It's  
8 just one word that makes the difference. It's the  
9 difference between shall and may. The HOV Zone say  
10 they shall set it aside, not -- and Senator (inaudible)  
11 very strategically put the language in there. He said  
12 not withstanding any other provision of law, and that  
13 language trumps everything that was out there at the  
14 time.

15           MR. CELLI: I would like to -- well, first I  
16 would like to invite you to have a seat.

17           MR. JENKINS: Oh, sure.

18           MR. CELLI: All right. The second is  
19 you -- I mean, I have a note here that I wanted to get  
20 to that exact, to that exact issue. We've can  
21 reference legislation that tried to get past last year  
22 that -- and this year (inaudible) goes to the GAO

1 report, and although I'm not pleased with findings of  
2 the GAO report I do understand the logic behind it and  
3 that is can you address for us then the ramifications  
4 on the service-disabled veteran program with regard to  
5 the hierarchy established in the FAR and how many ways  
6 are allowed versus how many shalls and why they're in  
7 there in that way and how -- you know, is there a  
8 provision within the FAR that ever allowed us to  
9 overcome that because to the best of my -- and I'm not  
10 a contractor. The best of my understanding is that  
11 contracting officers have a responsibility by law to go  
12 through that hierarchy and say is there anybody in  
13 prison industries that can do this, is there anybody in  
14 8A that can do this, is there anybody in HOV zone, and  
15 then, oh, by the way, down here that's when they get to  
16 the veteran.

17           If you could talk about that because it's  
18 going to be part of the discussion that we will have  
19 later with regard to a recommendation.

20           MR. JENKINS: And that's been the heart of,  
21 the heart of government procurement. As a contracting  
22 officer, and hopefully there's no contracting officers



1 in here because I always talk about them and I wish  
2 them luck, but contracting officers in their basic  
3 nature don't care about small businesses. Any  
4 contracting officer who tells you they do is the total  
5 opposite of their work.

6 Contracting officers are middlemen or middle  
7 persons. They're in the middle of the customer and  
8 they're in the middle of the program office. Their job  
9 is to buy it as quickly and as most efficiently as  
10 possible. Small business in general is sort of a  
11 nuisance to that process. That means they have to  
12 check here, they have to look there versus just putting  
13 something on the street for performing under  
14 competition. It's the way most contracting officers  
15 will tell you, that's the ultimate way to go.

16 What used to be -- what in federal  
17 procurement (inaudible) order of procurement for  
18 (inaudible). They laid out what should come first and  
19 bing, bing, right down the order. That kind of died  
20 several years ago and then the mays were out there.  
21 The contracting officer may set aside a contract for 80  
22 days, may set aside a contract for a service-disabled

1 veteran. Even SDB at one point when it was only with  
2 the Department of Defense was a set aside program. Two  
3 or more SDBs (inaudible) price set aside for SDB.

4           However, early on there was about 10, 10 or  
5 12 years ago, actually it was even longer, almost 15 to  
6 20 years ago, there was a direct impact on the 8A  
7 program. I mean, it was a (inaudible) take it right  
8 out, no question. There was a lot of folks opposed to  
9 having a program that was based on race.

10           We tried to do a number of things within SB  
11 to get around that without opening up legislation. We  
12 changed the rule where it says that 8A -- anyone can  
13 join the 8A program if they prove discrimination, if  
14 they're (inaudible) and economic disadvantaged, no  
15 matter who they are. There are (inaudible) groups.  
16 So -- but in order to prove that it was a very high  
17 legal standard. It was called clear and convincing,  
18 meaning that the only way you can get in is if you had  
19 affidavits of people saying I swear that that person  
20 was discriminated upon even though he's not one of  
21 those presumed (inaudible).

22           We changed that legal standard. We went to

1 something called but for, more than likely than not.  
2 If three people in the room and two said it looks and  
3 smells like discrimination, that's good enough. So we  
4 lowered that standard and that was the lift allowing  
5 additional non-minorities in the 8A program. In the  
6 program, there's more non-minorities in the program and  
7 it proved that the program was open to everyone.

8 That wasn't enough for (inaudible) folks. So  
9 there was a lot of discussions on the HOV Zone program.

10 Prior to the HOV Zone program that we know today,  
11 Actually President Clinton convened a group and he told  
12 us how many contracts, you know, what he -- what he  
13 looked -- he asked folks, he said, "If we were to set  
14 up this program which allowed you to get contracts  
15 would you move into depressed communities, would you do  
16 all these things to improve these economic conditions  
17 across the board," and these were individuals in  
18 business across the country. They all said no. They  
19 said no way am I going to move into Anacostia unless  
20 you give up some additional things, unless you give up  
21 economic development dollars, unless you give up job  
22 training dollars, unless you lower my insurance, unless

1     you improve the policing in that area, unless you  
2     improve the transportation in that area.

3                 So he kind of backed off, but at the same  
4     time Senator Bonn (phonetic) was introducing a bill to  
5     once again go to a place based program, which is the  
6     HOV Zone program. But again the individuals that he  
7     had working with him, some individuals who are now  
8     working in the small business area, literally wrote  
9     that legislation. They knew exactly what was the trump  
10    card in there, and that trump card was that language  
11    not withstanding any other provisions of law. When you  
12    (inaudible) at that time it means everything that  
13    proceeded it no longer had a priority.

14                So that in a shell became number one.  
15    Contracting officers were totally confused. They had  
16    no idea what to do. Do we do HOV Zone, do we do 8A, do  
17    we do service-disabled veteran, how do we -- SBA gives  
18    us guidance. It was to the point that we couldn't even  
19    (inaudible) agencies here at SBA. They said, look,  
20    we're confused, we don't know what to do. Just little  
21    contracts in a pool, SBA you figure out where they go  
22    and we'll just dump them.

1           Of course we couldn't do that, but we got to  
2   that -- once we got to that language in there we wrote  
3   language in our 13 CFR which gave rise to parity. If  
4   you read 13 CFR there's language about parity. SBA  
5   felt that our programs, we had to have the ability to  
6   evenly apply these programs so we didn't hurt one or  
7   the other. It was contrary to the language that was in  
8   the FAR.

9           So what we attempted to do was write a FAR  
10   rule to change it to be parity. The problem is when  
11   GAO came up with this court case the entire parity rule  
12   has stopped. FAR counsel will not move forward on it.  
13   The problem you have is -- and they all agree that SBA  
14   should have this right to apply these programs across  
15   the board. The problem with the contracting officer,  
16   if they move forward and the know of the GAO court case  
17   they do it at their own peril, meaning if they get sued  
18   by another company they have to bear the full cost, the  
19   cost of that suit, attorneys fees, the whole nine  
20   yards.

21           So no agency is going to go against the GAO  
22   at this point until they get some solid guidance. We

1 can't give them the guidance that they look for right  
2 now. So we're kind of reminding agencies that, you  
3 know, nothing has really changed. Our rules haven't  
4 changed, the 13 CFR. Keep doing business and we'll  
5 eventually get you some guidance. We're kind of stuck  
6 on the guidance only until we get (inaudible) at SBA  
7 and also some additional folks at OMB.

8 A PARTICIPANT: Mr. Jenkins, I think you're  
9 pointing out a lot of issues that are extremely  
10 interesting and any one can make a full day's  
11 discussion. I was smiling when you talked about  
12 contracting officers and who they are and what their  
13 real priority is and I couldn't agree more. By and  
14 large many of us have seen contracting officers who are  
15 rather weak minded individuals who always choose the  
16 path of least resistance. You know, they --

17 (Laughter.)

18 A PARTICIPANT: Jenkins is the word.

19 A PARTICIPANT: To your credit you're not a  
20 contracting officer now. You've seen -- I mean -- but  
21 I think -- I want to just come back to the  
22 certification issue. For two days we've been asking

1 questions about, various speakers about the  
2 certification process. I have -- I've sort of  
3 concluded that the certification process involved with  
4 federal contract and procurement is broken. You were  
5 outlining some reasons why SBA stepped away from it,  
6 question of authority, there's a question of resources.

7 I'm going to suggest to you that someone needs to pick  
8 up the ball on this and establish a uniform  
9 certification process to diminish the numbers of  
10 imposters who are coming into the SDB arena and taking  
11 work from legitimate service-disabled veterans.

12 I've had a couple of discussions with the  
13 Department of Veteran Affairs because there have been  
14 instances brought to my attention where this has  
15 happened. I'm sure others here can provide their own  
16 examples, but so long as we don't grab this bull by the  
17 horns and correct the problem and establish a uniform  
18 certification process we're going to have the  
19 same -- as you said, did not want to do anything with  
20 it and you're going to disadvantage legitimate people.

21 As we talked, by setting a new landscape and  
22 a new arena where the newest veterans from Iraq,

1   Afghanistan wars can start their own businesses I think  
2   it's important that eliminate a lot of the trash and  
3   that we set up a credible certification process. I  
4   don't know if your office is the one who starts the  
5   ball rolling on that or whether this committee can  
6   provide some input to make that happen, but someone,  
7   someone has got to show some leadership here.

8                   Part of the solution I think should be  
9   sanctions, penalties for those committing this kind of  
10  fraud. I think if you do that you will discourage a  
11  lot of folks, you know, a lot of would be imposters  
12  from even trying to go after government contracting  
13  money that they have no legitimate reason for.

14                  MR. JENKINS: That's an excellent point  
15  because one of the things we saw in the HOV Zone  
16  program SBA has, as far as we can tell, has never  
17  really pursued anyone for involvement (inaudible). In  
18  the HOV Zone program we are going through that process.  
19   We've identified the firms that we feel have committed  
20  fraud and we'll refer those to the Department of  
21  Justice for prosecution. The other firms, we have put  
22  them on notice that we are beginning debarment



1 proceedings and we are requiring them to respond back  
2 or we're going forward. This will debarment from  
3 federal procurement.

4 It was always the thinking that if you kick  
5 them out of the program that would be enough and we're  
6 claiming it's not enough. So that's (inaudible).

7 A PARTICIPANT: I wondered if you could  
8 address this committee and what was (inaudible)? There  
9 was some rift between the SBA and the Veterans Affairs  
10 with regards to accountability and I guess funding,  
11 those terms, and that the reason why there's so much  
12 (inaudible) for whatever you want to call it  
13 (inaudible) programs is you have the VA running their  
14 own agency, you know, that does not have direct, you  
15 know -- SBA does not have direct authority over. I was  
16 wondering if you could speak to the (inaudible) so that  
17 they could know (inaudible) on our behalf.

18 MR. JENKINS: Yeah. Not a whole lot on that.  
19 I mean, I assume you're speaking of VA authority to do  
20 their contracting.

21 A PARTICIPANT: Authority by (inaudible) --

22 MR. JENKINS: Yeah.

1                   A PARTICIPANT:  -- on behalf of Northrop  
2   Grumman.

3                   MR. JENKINS:  Yeah, we -- normally what  
4   happens is we have what we call procurement center  
5   representatives and their primary job is to look to see  
6   whether or not agencies are setting contracts with  
7   viable small businesses.  You never really got into  
8   wrongdoing kind of part and we're kind of a little  
9   concerned about how far SBA can get into that.  We see  
10  a lot of the service-disabled veterans when it comes up  
11  for protest.  We process (inaudible) and we'll try to  
12  verify and if we see a problem we will refer it.

13                  But, yeah, I can't speak too much to that  
14  point specifically only because it is an area that we  
15  have not really been involved in in terms of how you  
16  prevent a fraud on the front end.  I think any program  
17  that you have a special benefit, be it small business  
18  set aside, 8A, SDB at the time, service-disabled  
19  veteran, you're going to have a degree of folks who are  
20  going to try to do something.  The question is should  
21  everything be certification.  We know right now based  
22  on (inaudible).

1           A PARTICIPANT: I just wanted to make a point  
2 I think on the record because -- and I hear what you're  
3 saying, but we hear this fraud thrown around a lot.  
4 I'm not convinced that we've seen evidence of large  
5 amounts of fraud in this program. You mentioned  
6 earlier that GAO is looking at this right now and we're  
7 aware of that.

8           MR. JENKINS: Right.

9           A PARTICIPANT: So I just wanted to make sure  
10 that people understand that there hasn't been any  
11 overwhelming level of apparent fraud coming to us  
12 through the protest process. I want to kind of nip  
13 that discussion in the bud. If there's fraud please  
14 let us know and we'll try to address it.

15           I think the last point I would make, in  
16 California for example there's that 3 percent,  
17 (inaudible) I believe it is. There is a state  
18 certification program, and back to your second point  
19 there has still been fraud. So there's an inevitable  
20 level of fraud as people try to figure out how to game  
21 any system. What I think I know is we haven't had an  
22 exorbitant level of fraud apparently so far and we're

1   pleased about that. There is concern that there's a  
2   possibility of fraud.

3               MR. JENKINS: Right. That's a good point.  
4   There is -- we know of one here. You know, there is no  
5   widespread as far as we know fraud with  
6   service-disabled veteran owned small businesses. What  
7   GAO may find, and it will be a surprise to us because  
8   we have not been notified.

9               A PARTICIPANT: Mr. Jenkins, you mentioned  
10   the strategic plan. Is there a place that you  
11   could -- that someone can go to on the web to see the  
12   agency's strategic plan?

13              MR. JENKINS: SBA's website. It's -- you  
14   will see the plan as well as the scorecard on each of  
15   the agencies and how we scored them. You're talking in  
16   terms of the SBA scorecard of how agencies are --

17              A PARTICIPANT: How they're (inaudible).

18              MR. JENKINS: Yes.

19              A PARTICIPANT: But the strategic plans for  
20   each agency is -- are they currently on the SBA's  
21   website?

22              MR. JENKINS: There may be -- and I have to

1 pause a little bit. I don't know if we have the  
2 detailed plan. It may be a summary of the plan. Some  
3 of it had some procurement sensitive things in it and  
4 we had the general counsel review it to make sure we  
5 didn't put that out.

6 But let me give you the fellow's name if you  
7 have any questions on the scorecard or the goals, the  
8 federal procurement goals. His name is Greg Hall.

9 A PARTICIPANT: Hall?

10 MR. JENKINS: Hall, H-a-l-l. He manages the  
11 SBA's zone program. He also managed the scorecard for  
12 the agency. Let me give you the main number so that  
13 you can reach him, 202-205-6459.

14 MR. CELLI: I would like to kind of shift  
15 gears a little bit and just bring the -- and the bring  
16 the discussion back to kind of the focus of what this  
17 committee is intended to do, and that is really, you  
18 know, forward looking recommendations on how to make  
19 programs better.

20 You know, with that in mind we've been  
21 complaining about goals, everybody complains about  
22 goals, you know, since time began and since goals

1 began. I'm wondering has there ever been an initiative  
2 or a thought process to try to ask agencies in their  
3 projections at the beginning of the year if they could  
4 make an intelligent market survey as to which of those  
5 areas might be well served for different types of where  
6 to go rather than work through the year and look back  
7 at goals.

8 A PARTICIPANT: Right, exactly.

9 MR. JENKINS: That is exactly what this plan  
10 is that's part of the scorecard. They are supposed to  
11 project going forward how are they going to meet the  
12 goals in terms of what actual activities, the types of  
13 contracts they're going to put out, how they're going  
14 to reach out to the community in terms of trying to  
15 meet it. So that is the heart of their plan.

16 MR. CELLI: It's funny, you know, like DOD's  
17 plan -- I think, Jeff, you were next, right? DOD's  
18 plan was basically we're going do better, you know. I  
19 mean --

20 MR. JENKINS: No, no, no.

21 MR. CELLI: Their five year plan, their five  
22 year plan.

1           MR. JENKINS: No, these are much different.  
2   These plans are very specific. SBA identified at least  
3   15 specific items, everything from contract bundling,  
4   agencies had to address that in their plan. They had  
5   to -- there are plans that are required under separate  
6   authority and we're kind of trying to pull all of those  
7   together under the scorecard provision. But these are  
8   to be very specific.

9           I think the DOD's plan came in about this  
10   big. Some agency's are extensive. The Department of  
11   Energy, it can only make 5 percent -- I mean, they have  
12   a real challenge at the Energy Department and that's  
13   they have these big MNOs, these huge operations.  
14   Lawrence Livermore Laboratories, the same Deal  
15   (phonetic) Laboratories. They give those laboratories  
16   everything from soup to nuts.

17           If someone was to take that whole business  
18   plan and say we're going to change it today, the  
19   Department of Energy don't have enough contracting  
20   officers to even begin to take that work back in house  
21   because it's just impossible. There's just not enough  
22   people at Energy. So what's left is a significant pot

1 and what we're actually doing is to make sure that pot  
2 goes to the extent possible to small businesses that  
3 meet those categories. When you look at what  
4 (inaudible) laboratories are subcontracting you see  
5 (inaudible) subcontracting side but it's not part of  
6 the prime, the prime (inaudible).

7 MR. LINSKOTT: Jeffrey Linscott. So  
8 your -- does your office handle the protests, the  
9 contract protesting?

10 MR. JENKINS: Yes. We do service-disabled  
11 veterans protests.

12 A PARTICIPANT: (Inaudible.)

13 MR. LINSKOTT: Size was where I was going.

14 MR. JENKINS: Okay.

15 MR. LINSKOTT: So if a person called and said  
16 I believe the awardee doesn't meet the size standard,  
17 what would your office ask them next?

18 MR. JENKINS: If it came in exactly that way,  
19 and the reason because I'm not being (inaudible), is  
20 that we would dismiss that and say it's not specific.  
21 What our regulations require is that the -- that I  
22 protests have to come in very specific, it has to say I



1 have this piece of evidence that this firm is not  
2 small. They're Actually a subsidiary of Lockheed and  
3 here's the document that I can reference to.

4 So what we look at is very specific. Once we  
5 get a protest and we determine that it meets the test,  
6 SBA has 15 days in which to review, get information  
7 from the firm, analyze that information and make a  
8 ruling back to the contracting officer.

9 MR. LINSKOTT: So if the size was a dollar,  
10 revenue dollar limit, say it was \$1.5 million and the  
11 contractor, the vendor that provided that bid had  
12 operations based in 20 countries and in the specific  
13 situation how would anybody provide for you evidence of  
14 somebody's revenue?

15 MR. JENKINS: How would --

16 MR. LINSKOTT: How many -- I guess I could  
17 rephrase it this way. How many size by dollar protests  
18 have there ever been approved to be reviewed?

19 MR. JENKINS: To be reviewed? I could get  
20 the breakdown. I'm not --

21 MR. LINSKOTT: But not many, would you --

22 MR. JENKINS: No, they come in -- they come

1 in. A lot of times it's the dollars that trigger  
2 because folks see a company with a large contract,  
3 let's say \$100 million contract and the size standard  
4 is only \$6 million, we'll get a lot of those kinds of  
5 protests. The problem with size is it's -- it goes to  
6 the instant procurement or the procurement in question.

7 So a company could bid on a contract based on  
8 employees and also could bid on a contract based on  
9 size, I'm sorry dollars, and we have to evaluate based  
10 on that contract beforehand. So it really depends, but  
11 size is just a tricky issue for us.

12 MR. LINSKOTT: And what I've experienced or  
13 observed is that the burden of proof is on the  
14 protestor.

15 MR. JENKINS: Just to be specific.

16 MR. LINSKOTT: And when you're dealing with  
17 the competition's revenue base, their size of sales,  
18 you have to go to the IRS for that and a protestor, a  
19 small business entity trying to get a government job  
20 cannot produce an adequate document of a corporation's  
21 sales unless that corporation put it on their website.

22 MR. JENKINS: Right.

1           MR. LINSKOTT: There's no vehicle for a small  
2 veteran owned business to produce anything that would  
3 be considered substantial evidence as far as to a  
4 competitor's volume of revenue, income.

5           MR. JENKINS: Right. And it's tricky. I was  
6 saying we have challenges because you can look at a  
7 company and say they won \$100 million in contracts, \$6  
8 million size standard. It could be an IDIQ contract  
9 where over a period of time they didn't get  
10 that -- they didn't get \$100 million. So out of a \$100  
11 million contract the guaranteed minimum may have been  
12 \$1 million from that contract.

13           What we rely on, a lot of it Dunn &  
14 Bradstreet, which is self reporting by the company. We  
15 would accept that from someone to say, look, their own  
16 Dunn & Bradstreet profile shows that they're above the  
17 size standard. We would take wherever you can get us  
18 some information so that -- because what we do  
19 is -- when we do a size protest we stop the procurement  
20 if it's filed within a certain amount of time. So we  
21 have to be, you know, careful of delaying the  
22 procurement itself.

1           MR. LINSKOTT: I would recognize that. Would  
2   it be reasonable to -- is a company's size standard or  
3   their sales standard, is that information that your  
4   protest officers would have readily available to them  
5   where they could literally call Dunn & Bradstreet  
6   because they're a member and get the information, maybe  
7   one phone call is all it would take?

8           MR. JENKINS: Yes. We can go directly to  
9   Dunn & Bradstreet, but what we really -- what is  
10   triggered on this is if you have information to say I  
11   question it and we find that it's specific enough we  
12   then require the company to prove it. So they have to  
13   then give us their actual sales, the tax returns, and  
14   then we do our analysis based on the actual  
15   documentation.

16          MR. LINSKOTT: I'm trying to remove personal  
17   experience from this because I lived this maybe eight  
18   years ago and I'm a small veteran owned business. I  
19   called the Sacramento -- or the San Francisco office  
20   and I could not produce enough evidence to prove that a  
21   contractor that worked in 20 countries according to  
22   their website ran transient alert on the largest

1 American air bases, Ramstein, Maine, Dover, Scott, on  
2 and on and on, did more than \$1.5 million worth of  
3 sales a year.

4 MR. JENKINS: Right.

5 MR. LINSKOTT: I could prove I did \$600,000,  
6 but does -- but the SBA officer in San Francisco said  
7 the onus, the burden of proof was on the small veteran.  
8 I said, "Sir, how -- I can't call the IRS." There was  
9 no guidance maybe where I could be directed to find  
10 enough information. All I could do was print off all  
11 their website of their 280 employees. What would be  
12 the payroll for 280 employees?

13 MR. JENKINS: No, you're right. There is  
14 no --

15 MR. LINSKOTT: And I sent it all forward and  
16 I was declined for -- the protest was not heard because  
17 I, the small veteran owned businessman, could not  
18 produce enough evidence to get the guy sitting in San  
19 Francisco to make a phone call.

20 MR. CELLI: Mr. Jenkins, what I would like to  
21 do is this committee has several tasks and one of them  
22 is contracting and one of them is (inaudible).

1           MR. JENKINS: Excuse me.

2           (Interruption to proceeding.)

3           A PARTICIPANT: Bread and milk?

4           MR. CELLI: As we break down into working  
5 groups one of them is going to focus on contracting. I  
6 would like to -- I would like to be able for that  
7 group, whoever that is, is to develop a working  
8 relationship with you and your office so that we can  
9 try to get our language right, so that we can try to  
10 make recommendations that will in fact benefit, you  
11 know, based on your experience and knowledge, benefit  
12 the veteran contracting community. You know, maybe we  
13 could set up a schedule or phone call on how we can get  
14 that done because I know that your time, you know, is  
15 highly manipulated and very valuable.

16           You know, we're all volunteers so if we could  
17 try to work that out I think that that would be a great  
18 benefit.

19           MR. JENKINS: Yes. I mean,  
20 just -- one -- what we think is the most important  
21 thing is somehow if we can get to the parity issue. We  
22 think we can drive the agency based on the goals, but

1 we need that parity because right now without -- with  
2 that "must" being the trump card in there there's  
3 always the HOV Zone. So we think the HOV Zone numbers  
4 are going to balloon significantly in the coming year  
5 unless somehow the parity rule gets accepted by the FAR  
6 or legislation is passed to take that out.

7 MR. CELLI: Well, maybe we'll sit with you in  
8 the very near upcoming future to talk about language  
9 that in your opinion and experience would be adequate  
10 to, you know, to offset those disproportionate  
11 contracting goals. Thank you, sir.

12 Are there any other questions before we --

13 A PARTICIPANT: I just (inaudible).

14 MR. JENKINS: Believe me, that's a bear.  
15 We -- for the agency we prepare what we call a FAR  
16 case. We write it up. I have a person named Dean  
17 Kopels (phonetic) that's on the FAR sub-council and he  
18 introduced a change to the FAR sub-council and if they  
19 accept it then it gets pushed up to the FAR council.  
20 The problem is it can take a year or more to get an  
21 actual change in the federal procurement system.  
22 That's where we have a problem.

1           What speeds things up, however, is when  
2   there's legislation, a document. The parity for us is  
3   going to be a hard sell. DOD, NASA and Coast Guard,  
4   they are the FAR, that's the council, and someone from  
5   the office of federal procurement policy sits on there  
6   as well. They're all in agreement with us and they  
7   understand the parity, however you now have a GAO case  
8   out there saying, uh-uh, the law is clear HOV Zone is  
9   the way to go. So they've retreated somewhat.

10           I know there are some discussions from DOD,  
11   actually GSA, who was having some preliminary  
12   discussions on some legislation and could be introduced  
13   (inaudible). We certainly will push the issue of  
14   parity because we just can't get the goals done without  
15   it. If in fact you go strictly with HOV Zone and you  
16   (inaudible) very specifically all the other goals will  
17   collapse, they flat out will just go down. 8A will go  
18   down. 8A was not a goal but the SDB will go down, all  
19   the other goals. Agencies will continue to do HOV  
20   Zone. As long as there are two or more HOV Zone firms  
21   out there they will keep going.

22           There is some amendments out there that's



1 causing us some concerns. I believe it's the -- I just  
2 reviewed it this morning, but it basically -- it's  
3 no -- it takes out the 8A sole source for all practical  
4 purposes. It takes out the HOV Zone sole source, the  
5 service-disabled sole source. Basically it says all  
6 contracts go (inaudible) those vehicles, but they have  
7 to go competitive. So we're concerned, very concerned  
8 about that.

9 MR. CELLI: Are you talking about the  
10 language in the stimulus submitted by (inaudible)?

11 MR. JENKINS: No. I can't remember the name  
12 of the bill. I will certainly get that to Bill. We're  
13 responding to it now because it -- and I'm not quite  
14 sure, sometimes a lot of these bills get introduced and  
15 they really don't know the impact of what it means. I  
16 mean, when you look at the women's regulation, and I've  
17 said until I'm blue in the face it's the worst  
18 regulation out there. They took pieces of HOV Zone,  
19 pieces of 8A (inaudible). That makes no sense at all.

20 It has in there that a woman has to be economically  
21 disadvantaged. Based on what? First you  
22 say -- another part says they have to be (inaudible)

1    why economically disadvantaged.  It says women's  
2    contracts (inaudible) 3 to \$5 million.  How did you get  
3    there?

4                   So that's the challenge.  Legislation has got  
5    to be very specific and folks really have to do their  
6    homework, because if not it opens the door for a lot of  
7    unnecessary -- you know, we just --

8                   MR. CELLI:  Well, we may -- Louis Celli here.  
9    We may in fact be the only legal voice you have to  
10   penetrate the walls of this building and travel up the  
11   Hill.

12                  MR. JENKINS:  Good.  Bill knows how to reach  
13   me at anytime.  You can send me e-mails or whatever and  
14   we'll get -- we have enough folks upstairs on  
15   procurement that would be more than happy to respond  
16   back to you as quickly as possible and give you  
17   whatever information you need.

18                  MR. CELLI:  Thank you, Calvin.

19                  (Applause.)

20                  MR. CELLI:  Bring your experience to the  
21   (inaudible) legislation with regard to veterans, and  
22   small business, and SBA outlook for 2009.

1           A PARTICIPANT: I know you asked the question  
2    what has taken place in the last couple of weeks.

3    Well, a lot of the VSOs we have been up on the Hill  
4    pretty regularly now because we're really concerned  
5    about the stimulus package and the goals for this new  
6    administration because there was a fear that we weren't  
7    really included in a lot of the legislation and the  
8    discussion that was coming out. There have been a  
9    number of hearings, well a number of roundtable  
10   discussions of the Veteran Affairs Committee and both  
11   Houses have been calling on the VSOs to come up and  
12   articulate what our agendas are for the coming year,  
13   which was done.

14           Then we had an SBA roundtable discussion on  
15   the Senate side to discuss what our concerns. Now on  
16   the Senate side they only invited one VSO and that was  
17   the American Legion. All the other group there were  
18   various minority organizations and other professional  
19   business organizations. I participated in that one,  
20   the Senate side.

21           What came out of that was that with all the  
22   work that we did last year, you know, the VSOs were

1 very much involved in writing legislation, lobbying.  
2 We formed a lot of close relationships on the Senate  
3 side the House side, and even though we were able to  
4 get President Bush to sign some legislation nothing  
5 ever came of it. We're just finding out why nothing  
6 took place. The fact is that when we first started  
7 taking the concerns from this organization up to the  
8 Hill we discovered that Senator Kerry, who was the  
9 chair of the Senate side, and Senator Snow were not  
10 working together.

11               So a lot of times was spent just trying to  
12 get those two groups to actually talk to each other.  
13 Then once that happened, you know, things started to  
14 roll a little bit. Then it turns out that  
15 Congresswoman Valasquez, who is the chair on the House  
16 side, did not have a good relationship with veterans.  
17 There was a lot of anti-veteran sentiment that took  
18 place years prior. So it took time just to work with  
19 her office to get her on board with veteran issues, and  
20 that did take place.

21               But then it turns out her office and Senator  
22 Kerry's office didn't work well together. So even

1    though we got some bills passed, you know, we didn't  
2    have the full effect because we didn't realize that not  
3    only do the Republicans and Democrats don't work  
4    together with Democrats in the different various houses  
5    don't work together. So that was time consuming.

6                Then after all that took place it turns out  
7    that the administrator at SBA he was not going to  
8    implement anything that had passed regardless of what  
9    Bush or any of the senators said. He just refused to  
10   allocate money to Bill and his shop even though we've  
11   got this legislation passed that his shop was going to  
12   get \$2 million additional dollars. Bill was right,  
13   they just refused to do it.

14               The past administrator, he felt like his only  
15   obligation was to work on the Patriot loans and that's  
16   all he wanted to work on. Everything else he just  
17   refused to do. President Bush didn't seem to push him  
18   on it, and even though we asked Congresswoman  
19   Valasquez, you know, and Kerry to put pressure on the  
20   administrator all that did was to put more pressure on  
21   Bill Elmore. They ignored us.

22               So that was brought up during this new

1   hearing with Senator Landry (phonetic), who took  
2   Senator Kerry's spot, that even though, you know, all  
3   those committee members felt like with this current  
4   economic crisis the key to pulling us out of this was,  
5   you know, small business. If there isn't any buy in  
6   from the White House, from the administrator, you know,  
7   nothing is going to take place.

8               So what has changed is that Senator Snow has  
9   more or less -- the new administrator that's supposed  
10  to come into, supposed to hit SBA, and she has a good  
11  relationship with President Obama. Senator Landry has  
12  got a good relationship with him and so does  
13  Congresswoman Valasquez. They've been pushing for a  
14  cabinet level position. Once that's done that will  
15  give us more political power to actually get things not  
16  only passed but, you know, some money and (inaudible)  
17  implement. Supposedly rumor has it that within the  
18  next two weeks he's going to make that announcement,  
19  that we will have a cabinet level.

20              A PARTICIPANT: Did they say anything about  
21  SBA direct loans and (inaudible)?

22              A PARTICIPANT: We discussed that also. We

1 discussed the fact that the current -- because of the  
2 current banking crisis we don't see the bankers really  
3 putting out any loans any time soon.

4 MR. ELMORE: Bill Elmore. I've passed around  
5 a copy of what I believe is what passed the Senate last  
6 night and if I'm reading this correctly it looks as  
7 though \$6 million was put into a direct loan program,  
8 at least in the one that passed the Senate. I may be  
9 reading that incorrectly --

10 A PARTICIPANT: Well, that was discussed  
11 during -- at our roundtable. Senator Landry and  
12 Senator Snow and the other senators present all stated  
13 that in order to get the economy going, because the  
14 banks aren't loaning, that we needed to do something  
15 immediately and SBA should have a direct loan program.

16 MR. ELMORE: No, I think -- all right. I  
17 marked them 7 and 7A, so I couldn't paginate it enough  
18 to get it on one page. So if you look it over you'll  
19 see the SBA part of at least what passed the Senate.

20 A PARTICIPANT: What page?

21 MR. ELMORE: 7 and 7A. I wrote that up in  
22 the right-hand corner.

1           MR. CELLI: While you're looking at that I  
2 would like to add something. Louis Celli again. The  
3 House version that we were briefed on specifically  
4 talked about direct lending vehicles. The Congress has  
5 always been sensitive to not want to compete with or  
6 try to replace the jobs of banking. In an environment  
7 where it's tough to get capital down to the end user  
8 level they've instituted -- and at the House level now,  
9 and I don't know if this is going to be the final  
10 language, the process by which the following is going  
11 to happen.

12           The \$6 million is going to be appropriated  
13 specifically to back direct lending vehicles for small  
14 businesses. What the SBA is going to do is the SBA is  
15 going to collect loan applications and act as a, almost  
16 as a representative for the small business, taking the  
17 loan application for say 7A and say, okay, this meets  
18 all the criteria, take that package and then start to  
19 offer it to banks. They're going to offer it to bank  
20 A. If bank A declines they'll offer it to bank B. If  
21 bank B declines then they will commit to funding the  
22 loan directly.



1           They'll fund the loan directly and then after  
2   the borrower shows a good pay track record and a good  
3   pay history they will then take that loan again,  
4   presumably now we're talking maybe six, eight months, a  
5   year down the road and then try to sell that loan  
6   again. If they can sell the loan fine, if they can't  
7   then the SBA will continue to service that loan for the  
8   life of the loan.

9           A PARTICIPANT: Did you say \$6 million or \$6  
10 billion?

11          MR. ELMORE: I think it's \$60 million but  
12 again I'm trying to interpret a document that I got  
13 very early this morning and I haven't had a chance to  
14 sit down with people who do our budget and say this is  
15 what this means.

16          A PARTICIPANT: (Inaudible.)

17          MR. ELMORE: Yeah, it passed the Senate last  
18 night.

19          MR. CELLI: I don't think that -- it's in the  
20 House, Bill?

21          A PARTICIPANT: It's actually -- they sent  
22 the -- they send the loan application to every lender

1     within 100 miles.

2                   MR. CELLI: Every one?

3                   A PARTICIPANT: Every lender.

4                   MR. CELLI: Wow.

5                   A PARTICIPANT: How would SBA choose?

6     They're incapable of doing that.

7                   MR. CELLI: I'm just telling you the theory  
8     that was explained to us and the process behind trying  
9     to loosen up some of these funds.

10                  A PARTICIPANT: Actually the bigger issue SBA  
11     is going to have is (inaudible). The issue SBA is  
12     going to have is 50 million (inaudible). SBA  
13     can't -- it's not allowed to show a priority or  
14     favoritism. So if only one lender says, yeah, I'll do  
15     that, that's fine, but if two lenders come back or 50  
16     lenders come back that could be a problem. And likely  
17     it's going to be nobody coming back and (inaudible)  
18     come back.

19                  MR. ADAMS: Paul Adams with a question. The  
20     \$2 million that you were talking about that was  
21     supposed to go to Bill but didn't, is that still  
22     hanging out there somewhere that we could point it out

1 to the new administrator that they could grab it?

2 A PARTICIPANT: What we've been told is that  
3 Senator Snow and the new administrator have a very  
4 close relationship and they've already discussed  
5 implementing that legislation that was passed last year  
6 to give not only to Bill Elmore the \$2 million but to  
7 also start working on the interagency council and the  
8 other things.

9 MR. CELLI: Well, what I would like to do now  
10 is -- we've kind of glossed over our --

11 A PARTICIPANT: I was just going to make the  
12 suggestion would it make any difference that that be  
13 another letter that this committee send out of this  
14 meeting recommending to the administrator, we get the  
15 right language, recommending to the administrator that  
16 they grab that money and use it.

17 MR. CELLI: I have some other things to offer  
18 that I was waiting for our subcommittee (inaudible),  
19 which kind of addresses that as well. But before we do  
20 that we set on the agenda an opportunity for public  
21 comment and I think Mr. Ramirez has showed up in  
22 response to that offer, and even though we have passed

1     that time I would like to be able to extend the  
2     opportunity to Mr. Ramirez to speak and introduce  
3     himself.

4                   A PARTICIPANT:   Public comments here.

5                   MR. RAMIREZ:   For those of you don't know me  
6     my name is Richard Ramirez, the United States  
7     Association of Veterans in Business.   Basically this is  
8     just a courtesy stop to wish you all well as you  
9     commence.   How many years?

10                  A PARTICIPANT:   This is the --

11                  A PARTICIPANT:   I think the first committee  
12     meeting was either '03 or '04.

13                  MR. CELLI:   This is actually the first year.

14                  A PARTICIPANT:   As permanent, as a permanent  
15     committee.

16                  MR. RAMIREZ:   So that makes it -- I can't do  
17     math.   But anyway, whatever anniversary it is, you  
18     know.   Personally on behalf of myself and obviously our  
19     organization we're looking for great things.   I think  
20     that -- I recognize that you all are just an advisory  
21     body but knowing that you're all vets and sometimes  
22     advisory can be take on new meaning.   I hope that will

1 be the case for this group at SBA.

2 I know how difficult it is working the bowels  
3 of economic development programs. I've been involved  
4 with it my entire life. As a fellow veteran I  
5 certainly appreciate the work you all do here. Those  
6 (inaudible) without going into a big pitch about USA  
7 Vet Biz, the last year-and-a-half we have been in a  
8 staging mode. We have membership in 38, 36 states  
9 across the United States. We have private corporate  
10 sponsors, of which we have a couple that we've made  
11 known at this point in time. Our mission in life is  
12 advocacy, public advocacy, federal advocacy. I could  
13 go on a little bit our connections on Capitol Hill,  
14 some of the kinds of programs we would like to see, but  
15 I won't bother that.

16 Obviously educational resources for veterans,  
17 that happens to be where I come out of, the veteran  
18 business world as an entrepreneur, so on and so forth.  
19 I believe very strongly in your organization's platform  
20 and a strong support of trying to figure out some type  
21 of state alliance. I have met several of the state  
22 directors and, you know, my own state, Virginia. Some

1 of them are scratching their head, but when they see  
2 what can be done and recognize economic vitality in  
3 assisting veterans we think that's a growing concept.  
4 The question is who is going to fund it.

5 I happen to feel very strongly that VA  
6 probably has more discretionary money than SBA will  
7 ever, ever be getting. Do you all agree with that  
8 probably? Okay.

9 MR. CELLI: VA is more discretionary.

10 MR. RAMIREZ: But VA should not necessarily  
11 inherit the mantle of being the subject matter expert  
12 in the matters of business development. I really don't  
13 think that's within their reach as an organization. I  
14 could be wrong. They could create a whole new agency  
15 tomorrow and that might be the ticket, but I don't  
16 think that's going to happen.

17 But that's about my comments not knowing what  
18 has transpired here in the last day-and-a-half. I  
19 mean, I do wish everybody very, very well. I will  
20 leave you with one note. I think the TVC was in here  
21 yesterday. I'm pleased to intimate to this group that  
22 our organization is on the cusp of an endowment,

1 membership sponsored endowment greater than all of the  
2 money that was provided to Congress, by the Congress to  
3 TVC in the last nine years. If we're able to do that  
4 we're going to be in a position to see this very  
5 significant amount of money work the budget from the  
6 proceeds of (inaudible) and in order to develop our  
7 programs. Our programs are intended to lift up and  
8 educate the public, state leaders and federal leaders  
9 with regard to veterans entrepreneurship. Our motto is  
10 commerce for the defenders.

11           We're trying to ratchet up a grassroots  
12 orientation at a national level. We've spent a lot of  
13 time on the Hill in the last year, a lot of time on the  
14 Hill educating, in some cases re-educating various  
15 members of Congress on both sides of the street as to  
16 what veterans entrepreneurship is all about. You would  
17 be amazed at how ignorant they are -- out of respect  
18 (inaudible), I've got to salute when I say that -- how  
19 ignorant some -- how many of them are ignorant on the  
20 subject of veterans entrepreneurship.

21           So we thought we brought some enlightenment  
22 there and we also feel very strongly that perhaps the

1 time has come that we expand the federal programs of  
2 preference and inclusion for all veterans. I heard  
3 this, just the remarks about HOV Zone and all these  
4 other important programs and it was (inaudible). Let  
5 it be written so let it be done.

6           The one thing the Congress has not done and  
7 we're going to be turning officially to the VSOs  
8 through our chairman and others for some cooperation  
9 here if we can possibly get it, is to recognize the  
10 military veterans by virtue of service to the country  
11 of the United States have earned a preference in  
12 federal contracting, black, white, blue, green, purple,  
13 disabled, or not, all right, and we should all be there  
14 with a preference program that has national priority  
15 over all other programs (inaudible) to other  
16 populations that (inaudible) in our country. That's  
17 where we come from, we're adamant on that, and we with  
18 you the best of luck. Thank you.

19           MR. CELLI: Thank you. You're welcome to  
20 stay if you want.

21           A PARTICIPANT: (Inaudible.) I saw that  
22 because Lou and I met in -- where was that, in Reno



1 somewhere? We have to say one things as veterans. I  
2 just came from the Pentagon. America supports you.  
3 They (inaudible) yesterday, \$9.2 million, but nothing  
4 for veterans. Davis International was shut down,  
5 (inaudible) was shut down. I got to meet the new  
6 staff. Pretty much (inaudible).

7 23 to 40 percent of (inaudible) is a veteran,  
8 or 1 in 4. In (inaudible) years we have (inaudible)  
9 how we treat our veterans (inaudible) response. If one  
10 veteran is homeless we have (inaudible). That's my  
11 thought. I have (inaudible) to fail, that's our theme.

12 I think -- and again thanking you for bringing me here  
13 because it was really Lou, through you, through a big  
14 network and this is my second non-profit I've formed.  
15 I'm registered with nine U.S. states. I spoke to Bill  
16 at Reno and it's going to take a bunch of (inaudible)  
17 to just make this all happen.

18 I'm applying for the same foundation as he's  
19 applying, McCormick Foundation. They're on the second  
20 round. I decided not to go there because the third  
21 round will probably be a little more (inaudible). I  
22 plan to register 12,288 veterans as (inaudible) because

1 the community needs to know who we are. We can sit in  
2 a room like this all day long and it stays in this  
3 room, almost like, you know, what you do stays in  
4 Vegas. We have to find a very creative (inaudible)  
5 way, and that's where I come in, in telling a story.  
6 As you tell it we'll give you (inaudible) dollars. If  
7 you become a (inaudible) you get a free shirt. So the  
8 total grant is \$2,105.

9 We have to be proud, we have to tell our  
10 story, we have to let the communities know that they're  
11 empowered to make a change, but we have not empowered  
12 them. It's as simple as that. We cannot allow that.

13 The veterans world has commitment and any  
14 veteran I meet I know has that commitment. Why,  
15 because we all signed for three to four years and in my  
16 case 26 years with the Marine Corps. We all have  
17 credibility. In the business world credibility is  
18 (inaudible). That's an easy sell. You're right, our  
19 veterans don't know entrepreneur because right now DOD  
20 doesn't allow any outside agency to tell the active  
21 duty forces what's available until one year prior to  
22 discharge or two years prior to retirement.

1                   That's what (inaudible) out of the Marine  
2 Corps for 26 years and I tell everybody line up, sign  
3 the application letter, and say we told you this.  
4 Sure, I spoke to the unemployment department, Dale  
5 Offin (phonetic), and he was proud to profess that we  
6 got (inaudible) program 60 percent attendance rate.

7                   I go, "What's the post rate?" And he doesn't  
8 know.

9                   So it's fair to say that every Vet is an  
10 entrepreneur because in the Marine Corps we put a  
11 little (inaudible) team together and he has one job.  
12 Go in there, accomplish a task. He has to think  
13 logistically, strategically and come back hopefully  
14 alive with all four people. That's entrepreneurship.  
15 We have (inaudible) them to help them be invigorated by  
16 their basic skills. That's what the Southwest Veterans  
17 Business Resource Center is. I definitely want to talk  
18 to you later.

19                   We've talked about TVC. I took advantage of  
20 the American Express membership project and I put my  
21 little application up there and I got -- it was right  
22 up here at the center. They actually called me up and

1    said, look, you're a new organization.  The TVCB,  
2    you're a wing man.  I didn't want to but I spoke to  
3    this man -- who was that out of Minneapolis or St.  
4    Louis?

5                   MR. CELLI:  You mean Mr. (inaudible)?

6                   A PARTICIPANT:  (Inaudible) there you go.  I  
7    thought he was American.  You know, I asked him if they  
8    (inaudible) because I had just flown Southwest.  But we  
9    leveraged technology and we had such a huge run that we  
10   got at the top (inaudible).  If I offer any thoughts is  
11   that I'm not going to fail.  You know, this is -- you  
12   know, I'm not paying myself.  I just (inaudible) this  
13   is about a veteran that sets the example, because I  
14   could (inaudible) stuff.  But I can look -- everybody  
15   is (inaudible) and everybody did a great job.  I want  
16   to know what the program dollars are and I want to know  
17   what the salaries are, okay.

18                   So the Pentagon has asked me to be part of  
19   their (inaudible), which is good because obviously when  
20   we get to that door everyone (inaudible).  But the  
21   point is this, we are an incredible strategic team.  We  
22   were a band of brothers, and I say were because we

1 currently are not now because one in four Americans is  
2 a homeless veteran. So I think we have the opportunity  
3 to change that. What did you call your name,  
4 commanders commerce for econ?

5 MR. RAMIREZ: Commerce for the Defenders.

6 A PARTICIPANT: Okay. But we before we can  
7 carry that on we need to (inaudible) band of brothers  
8 because if we're all defenders then we need to defend  
9 our honor as a small percentage of the nation and say  
10 we can cross that line together.

11 But that's just a snippet. I can be on here  
12 all day as probably Bill can tell you. (Inaudible) a  
13 presentation because Bill was part of our founding  
14 community and this is our -- I think Lou was another  
15 one, so there you go buddy, okay. Thanks a lot.

16 MR. CELLI: Thank you. All right, so we have  
17 time for a break. I don't know if anybody needs a  
18 break. It looks like, you know, people have been kind  
19 of breaking on their anyway. So we --

20 A PARTICIPANT: As Lou was talking we still  
21 have a lot to do and very little time to do it.

22 MR. CELLI: Right. So we have subcommittee

1 work, build strategies, and get our votes out of the  
2 way.

3 A PARTICIPANT: Does the public get kicked  
4 out at this point?

5 MR. CELLI: Pretty much.

6 A PARTICIPANT: Thank you, gentlemen. Best  
7 of luck. God speed.

8 (Whereupon, at approximately 1:30 p.m., the  
9 meeting was concluded.)

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